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**The purpose, operation and
impacts of the art investment of the
British Rail Pension Fund's
collection of Chinese works of art
from 1974 to 1989**

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Thesis submitted for the degree of PhD

2016

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Declaration for SOAS PhD thesis

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Abstract

This thesis is a study of the art investment of the British Rail Pension Fund's collection of Chinese works of art. The Chinese art collection of the British Rail Pension Fund was formed with investment intentions in 1974 in the U.K. Chinese artworks were one of the major categories and the largest non-western category of the art investment portfolio of the British Rail Pension Fund. The portfolio was established during the economic turbulence of the 1970s, to preserve the value of pensions for retired employees, and was begun in collaboration with Sotheby's auction house in 1974. The British Rail Pension Fund terminated acquisitions in 1980 and started to actively collaborate with museums, galleries, and fairs both in the U.K. and overseas to arrange loan exhibitions to display its holdings. Thus, the art investment that was the Chinese art collection will be divided into two phases in this research: the acquisition stage from 1974 to 1980, and the exhibition stage from 1980 to 1989.

Three main questions need to be answered by this thesis. What was the purpose of investing in Chinese art in 1974? How did the British Rail Pension Fund operate the art investment? And what was its impact?

Literature review and research outline are stated in chapter one. Chapter two is an investigation into the purpose of forming the British Rail Pension's Chinese art collection. Archival research into the operation of the investment in Chinese art from 1974 to 1980 is conducted in chapter three. Chapter four includes

an evaluation of the Chinese art collection, followed by a discussion of the various impacts of the Chinese art collection in chapter five. Chapter six provides an opportunity to summarize the arguments of the entire thesis and to conclude the challenge to the traditional view of collecting behaviour.

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The first time I heard the story of the British Rail Pension Fund was back to 2006 when I was still in college. A decade passed before finally I could contribute my thoughts on this topic under the excellent supervision of Dr. Stacey Pierson. It would have been impossible to complete this thesis without help from many people, and I would like to take the chance here to express my gratitude to them.

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Photographed by Hao Liu

Sub-categories Table

1. Archaic bronzes
2. Archaic works of art
3. Bronze mirrors
4. Marble sculpture and carvings
5. Later metalwork
6. Lacquer wares
7. Early pottery wares
8. Pre-Tang stoneware
9. Funerary figures
10. Tang wares
11. Liao wares
12. Dingyao and related wares
13. Yaozhou wares
14. Julu Xian wares
15. Cizhou wares
16. Junyao wares
17. Shufu wares
18. Yingqing and related wares
19. Longquan and related wares
20. Ming Monochromes
21. Ming Underglaze-red wares
22. Yuan Underglaze-blue wares
23. Annamese Blue and White wares
24. Ming Blue and White wares
25. Various Ming wares
26. Qing Underglaze-red and Iron-red decorated wares
27. Qing Blue and White wares
28. Qing Monochromes
29. Qing Doucai wares
30. “Famille-verte” wares
31. Various Qing enameled wares
32. Works of art
33. Jade carvings

Chronological Table

Shang Period

1500 B.C. – 1046 B.C.

Western Zhou

1046 B.C. – 771 B.C.

Spring and Autumn Period

770 B.C. – 481 B.C.

Warring States Period

480 B.C. – 221 B.C.

Qin

221 B.C. – 207 B.C.

Western Han

206 B.C. – 9 A.D.

Xin

9 A.D. – 25 A.D.

Eastern Han

25 A.D. – 220 A.D.

Wei, Jin, Southern & Northern Dynasties

220 A.D. – 589 A.D.

Sui

589 A.D. – 618 A.D.

Tang

618 A.D. – 907 A.D.

Five Dynasties

907 A.D. – 960 A.D.

Liao

907 A.D. – 1125 A.D.

Northern Song

960 A.D. – 1126 A.D.

Jin

1115 A.D. – 1234 A.D.

Southern Song

1127 A.D. – 1279 A.D.

Yuan

1279 A.D. – 1368 A.D.

Ming

1368 A.D. – 1644 A.D.

Qing

1644 A.D. – 1911 A.D.

Chapter One: Introduction

1. Research question

The Chinese collection of the British Rail Pension Fund was formed with investment intentions in 1974 in the U.K. Chinese artworks were one of the major categories in the art investment portfolio of the British Rail Pension Fund at that time, and that portfolio was one of the investment vehicles established by the British Rail Pension Fund during the economic turbulence of the 1970s, to preserve the value of pensions for retired employees. The art investment of the British Rail Pension Fund consisted of over 2,400 works of art ranging from Impressionist painting to African art, and Chinese works of art was one of its seven major fields and the largest non-western category. The investment was begun in collaboration with Sotheby's auction house in 1974, with a total of £40 million spent purchasing artworks in different categories until 1980. The British Rail Pension Fund terminated acquisitions in 1980 and started to actively collaborate with museums, galleries, and fairs both in the U.K. and overseas to arrange loan exhibitions to display its holdings. Thus, the operation of the art investment of the British Rail Pension Fund can be divided into two phases, the acquisition stage from 1974 to 1980 and the exhibition stage from 1980 until the termination of the whole collection in the early 2000s. The Chinese art portfolio was terminated in 1989 through two sales at Sotheby's Hong Kong and London,

which provided strong evidence of the financial return of this investment. Taking the Tang horse (fig.1) as an example, the British Rail Pension Fund purchased it for £125,000 in 1978 and sold it for £3.74 million at Sotheby's in 1989, an almost thirty times increase in monetary value. The collection of Chinese works of art was exhibited on loan in museums such as the British Museum and Victoria and Albert Museum. In the history of collecting and investment, the British Rail Pension Fund was the first institution to form a Chinese art portfolio of artworks solely for investment purposes. Moreover, the Chinese art collection of the British Rail Pension Fund has become one of the most noted provenances in the field of collecting Chinese art today.

To fully understand the significance of the British Rail Pension Fund's investment in Chinese works of art, three main questions need to be asked. The first question is about the purpose of investing in the art market, in particular Chinese art in 1974. The British Rail Pension Fund not only started to purchase Chinese works of art in 1974, but also included other major categories in the art market through the assistance of experts from Sotheby's. The main reason to start investing in art objects was the impact of high inflation on the global economy caused by the oil crisis, which limited the return on standard investment in both domestic and overseas markets. An investment scheme in works of art from various fields was then suggested to the board of the British Rail Pension Fund. The British Rail Pension Fund was not the only financial institution using alternative investment vehicles to hedge the risk of inflation, as other pension funds also restructured their investment strategies to secure future financial returns

during that period. However, no other financial institutions considered art as a possible investment option, moreover, they questioned the ability of a collection of works of art to produce material gains over a fixed period of time.¹ Furthermore, this was also the first time that an auction house had taken an investment advisory role for an institutional investor.

Secondly, the British Rail Pension Fund's approach to the art investment was the pivotal factor in achieving financial success in the salerooms. It is important to understand how the British Rail Pension Fund operated the art investment project. Due to a lack of professional knowledge of the history of art, history of collecting, and the art market, a newly formed company called 'Lexbourne Limited' was established in collaboration with Sotheby's, the biggest auction house in the world at that time. To supervise the forming of the portfolio, British Rail Pension Fund formed a special investment committee, the Works of Art Sub-Committee, to make purchase decisions while collecting works of art under the recommendation of Sotheby's. Julian Thompson (1941-2011), the vice chairman of Sotheby's, who served as their head of the Chinese department, also played a significant role in forming the Chinese art portfolio of the British Rail Pension Fund, and led the expansion of the Hong Kong saleroom where one of the sales of the British Rail Pension Fund took place.² The release of the archive of the

¹ Geraldine Norman, 1978. "The art of making money grow", *The Times*, (11.05.1978), p.35.

² Hong Kong was the centre for art auction in the Asian region starting from 1970s, and Sotheby's was the first Western company entered the Hong Kong art market. One of the sales of the Chinese collection of the British Rail Pension Fund was held in the Hong Kong saleroom, and another one was in

investment in works of art³ plays a pivotal role in this research, providing primary resources to discover how the British Rail Pension Fund operated the investment. This is the first time that research into the British Rail Pension Fund's collection has been conducted using the original archive as a primary resource.

The last question relates to the impact of the operation on the art market and the significance in the study of collecting history. The Chinese collection of the British Rail Pension Fund not only established a significant provenance in the history of collecting, but also challenged existing notions of collecting behaviour through museum exhibitions, media reports, and sales. Most research considered the art portfolio of the British Rail Pension Fund as successful and the only available example of institutional art investment. This thesis will provide an evaluation of the impact of the collection in terms of the history of collecting and collecting behaviour, something never previously considered in academic research.

The Times newspaper not only tracked the art investment of the British Rail Pension Fund from beginning to end, producing a long-term report on the fund, but also provided a platform for public expression on the matter. The art investment entered the exhibition stage after 1980 as numerous loan exhibitions were arranged in this period and it was thus publicly promoted as a collection instead of being merely an investment. Exhibition of the collection of Chinese works of art followed the acquisition stage and rapidly expanded. This thesis will investigate all aspects of the various impacts of the collection, to argue that the

London. Objects auctioned in the London sale also shipped to Hong Kong in 1989 for traveling exhibition to attract potential buyers.

³ The archive written and collected by Chris Lewin was released in 2012.

relationship between financial capital and the collecting behaviour established after the British Rail Pension Fund created a new category in the history of collecting, which today is commonly know as “investment collecting”.

2. Research in Chinese art

The Chinese collection of works of art of the British Rail Pension Fund has never been researched thoroughly in the academic field. It formed one of the most notable collections in the history of collecting, accepted by many major museums worldwide for loan exhibitions. The Chinese art collection of the British Rail Pension Fund mainly consisted of objects such as ceramics, porcelain, bronze and metalwork, while paintings and furniture were excluded from the operation. Although it was formed under the subjective opinion of the experts of Sotheby's, it was a reflection of the taste and fashion of the collecting field and art market during the period. Moreover, Chinese art had never been considered as an investment tool before. Previous art investments indicated that such major Western art categories as Impressionist painting might enable the collector to receive future material gains,⁴ but Oriental art was never included. It was the first time that Chinese art had been included in an operation to realize future material gains. This attracted attention from dealers, researchers, and media, all questioning the suitability of using Chinese art as an investment tool.

Of course, Chinese art, especially Chinese ceramics, had had a long engagement with Western society. It was traded by merchants as early as the 15th

⁴ Previous examples such as Peau de l'Ours (bearskin club) established by André Level in Paris in 1904 invested in Impressionist paintings and sold in Paris in 1914. Also see, Noah Horowitz, 2011. *Art of the Deal*, New Jersey: Princeton University Press, p.152.

century, with Chinese porcelain mainly used as decoration or for daily use.⁵ The British Rail Pension Fund challenged the traditional conception of Chinese art, and also many other categories in the collection, by using it for material gain. Since the subject has never been included in academic research before, this thesis aims to fill the gap by explaining the purpose, operation and impact of the collection. The new category of collecting behaviour, “investment collecting”, established by the British Rail Pension Fund’s operation brought a new method of understanding the combination of investing and collecting behaviour. Moreover, the British Rail Pension Fund’s Chinese collection has never been discussed within the collecting behaviour content before. This thesis wishes to emphasize the significance of collecting behaviour for investment in the art market by using the British Rail Pension Fund as a case study.

⁵ Stacey Pierson, 2013. *From Objects to Concept: Global consumption and the Transformation of Ming Porcelain*, Hong Kong: Hong Kong University Press, pp.5-30.

3. Chapter layout

In order to understand the significance of the British Rail Pension Fund's operation, this research will be divided into six chapters. Chapter layout and literature review will be stated in this chapter. Writings on the British Rail Pension Fund's art investment have been very limited in the past four decades. This is mainly because of the confidential nature of the official archive and the privatization of the British Rail Pension Fund in the 1990s. There was no further writing on the topic released by the fund itself after the termination of the art investment program.

An investigation into the purpose of the forming the British Rail Pension Fund's collection of Chinese art will be conducted in chapter two. The global economic depression which occurred in the 1970s was closely related to the oil crisis of 1973. High levels of inflation influenced traditional investment options as well as the equity market, and also deeply reduced profitability in many business sectors worldwide. Archival research of the board meetings of British Railways Company and the British Rail Pension Fund further demonstrates the purpose of this investment.⁶ This chapter will provide the first research into the original archive of the British Railways Board and British Rail Pension Fund, with particular regard to the purpose behind the investment in works of art.

⁶ Both archive consisted board meeting in a chronological order providing detail of every investment decisions, as well as the solutions to difficulties faced by the board. Both archive have been released from confidentiality in recent years.

Chapter two is divided into three parts to explain the objective of the collection of Chinese works of art by the British Rail Pension Fund. The first part concentrates on the nature and influence of the depressed economy in the 1970s, frequently mentioned by the British Rail Pension Fund as the main factor forcing the fund to seek an alternative investment option.⁷ Therefore, a brief introduction to the oil crisis and its influence will be included in this chapter to help understand the difficulties encountered by the British Rail Pension Fund, as well as their solution to preserving the value of the fund. The second part includes the introduction of the British Rail Pension Fund and its relationship to the British Railways Company. This is the first time that both the archives of the British Rail Pension Fund and the British Railways Board have been included in research into the art investment of the British Rail Pension Fund. The archives clearly indicate the process of evaluating the difficulties in the investment market and selecting and eliminating different investment options.⁸ The third part is an investigation into the history of Sotheby's, Sotheby's development in the Chinese art market and the first art market index, *the Times-Sotheby's Index*. This research will address how these three factors became persuasive evidence for the British Rail Pension Fund to invest in the art market and how they built up the fundamental platform for investment in Chinese art at an institutional level.

⁷ Archive of Art Investment, AN 198/4, (10.16.1974), The National Archives Kew Garden, Letter: the British Railways Board to Permanent Second Secretary.

⁸ Investment in works of art was not the only option for the British Rail Pension Fund, they also invested in other categories.

Chapter three includes archival research into the investment in works of art by the British Rail Pension Fund, documented separately by Chris Lewin (1940-), the Chairman of the managerial company. This chapter will be presented in chronological order, divided into preparation of the investment, the structure of the investment, and collaboration with Sotheby's in acquisitions and sales. The preparation of the collection mainly consisted of the initial contact between the British Rail Pension Fund and Sotheby's, discussing the possibility of the investment. After this discussion, the structure of the operation was established by the collaboration of the British Rail Pension Fund and Sotheby's in 1974, which represented the official launch of the acquisition stage of the investment. The most important event in the operation of the acquisition process between 1974 and 1980 was the establishment of the Works of Art Sub-Committee, formed by four directors from the British Rail system and led by Chris Lewin. This special investment committee entirely represented the British Rail Pension Fund in every decision, and was responsible for the operation. They formed the managerial company and recruited the former editor of annual sales reports at Sotheby's as the manager of the operation. The manager then recruited a managerial team to operate Lexbourne Limited, which was responsible for the arrangement of acquisition, storage and exhibition. Both the Works of Art Sub-Committee and the managerial team were disbanded at the end of 1980, representing the end of the acquisition stage. As the collection was formed in strict secrecy, very little detail had been revealed to the public prior to the release of the archive in 2012.⁹ This

⁹ The Archive of the Works of Art Sub-Committee was documented over different years. Each document gradually became available to the public, and

chapter will make an original contribution to the understanding of the operation between 1974 and 1980. The collaboration between Sotheby's and the British Rail Pension Fund continued after 1980 even though few further acquisitions were made between 1980 and 1989. The investment operated comparatively independent from the advice of Sotheby's after 1980. However, Sotheby's was required to provide a valuation service of the appreciation of the collection annually, in order to provide evidence of a selling opportunity. Sotheby's also arranged sales to terminate the operation at a suitable time in their global salerooms, providing solid evidence of the operation in terms of financial return.

A detailed evaluation of the Chinese collection of the British Rail Pension Fund will be conducted in chapter four. Due to the confidential nature of the operation, many categories were exhibited in public museums during the acquisition stage as those of an anonymous lender, and Chinese works of art was one such. However, the British Rail Pension Fund made its name public for loan exhibitions during the exhibition stage, which became a pivotal factor to promote sales and establish the provenance of the British Rail Pension Fund. The Chinese collection was divided into early works of art and later works of art under the recommendation of Sotheby's, with several sub-categories divided between these two major sectors. After the establishment of the Hong Kong saleroom by Julian Thompson in 1973, Hong Kong became the centre of auction of Chinese art in Asia for Sotheby's. Julian Thompson advised the British Rail Pension Fund to auction their late Chinese works of art collection in Hong Kong, presumably

the last one was released in 2012.

because Asian buyers, such as Japanese collectors and dealers, were one of the most important audiences targeted by Sotheby's. As result, Japanese buyers were actively involved in both sales. The collection of early works of art of the British Rail Pension Fund was sold in London, where the headquarters of Sotheby's was located. The success of both sales vindicated the strategy of the British Rail Pension Fund in monetary terms and the collection became an important provenance in the history of collecting Chinese art.

The sale catalogues produced in 1989 by Sotheby's provided important information about the collection of Chinese works of art of the British Rail Pension Fund. These catalogues not only stated the provenance of the collection, but also demonstrated relevant scholarly research associated with the objects. In fact, these were the only catalogues published in connection with the Chinese collection. Therefore, the sales catalogues became a vital resource for understanding and evaluating the collection of Chinese works of art. An analysis of selected objects will be conducted in chapter four, objects taken as representative of the Chinese collection. This group of selected objects covers almost every major sub-category of the collection from archaic bronze vessels to imperial porcelain produced during the 18th century. The objects selected in this chapter firstly achieved higher prices in the sales as compared to other objects in the same sub-category. Secondly, they have been displayed in domestic and overseas museums, where some of them have been regarded as the highlight of the collection. Thirdly, some have been collected by major museums worldwide following the sales, while others re-appeared on the art market with exceptional

estimations. Therefore, the analysis in this chapter will be conducted through investigations of sales catalogues, press reports, and museum press.

Chapter five will examine the various impacts of the Chinese collection of works of art of the British Rail Pension Fund. One of the most important impacts of the collection was the arrangement of loan exhibitions in both domestic and overseas museums, which distinguished the British Rail Pension Fund's approach from previous art market investments. The reason for becoming involved in exhibitions was mainly the desire to reduce insurance and storage costs.¹⁰ However, these exhibitions certainly benefited the museums as they provided a large supply of valuable objects. Another impact made by the collection was public attention. It was a controversial operation at the time which attracted much attention from the media, dealers, museums, and even politicians. It challenged the traditional aspects of collecting and investing. Evaluation of the impacts from exhibitions and public attention will be conducted through archival research of the British Rail Pension Fund, museum reports and *The Times* newspaper.

As mentioned above, the last and most important impact of the collection of the British Rail Pension Fund was the challenge to the traditional view of collecting behaviour. Because the art portfolio was purely formed with a view to maximizing material gains, it contradicted all the existing categories of collecting behaviour. It detached intangible values such as personally identifying with

¹⁰ Archive of Art Investment: AN 198/2, (21.02.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

material culture, emotional attachment, and addictive behaviour. Chapter five contributes original argument as to the collecting behaviour of the British Rail Pension Fund. Due to the unique nature of the art market, objects are fully distinguished from each other, which makes them impossible to quantify using financial tools. It was thus necessary for the British Rail Pension Fund to form the art portfolio using a unique collecting practice with investment intention. Chapter six will provide a summary of the textual evidence and arguments presented in the previous chapters, emphasizing the significance of the “investment collecting” behaviour of the British Rail Pension Fund. As a result, the British Rail Pension Fund was the first financial institution to combine both collecting and investing behaviour into one operation, which created a template for many future followers. The collection not only became one of the most notable provenances in the history of collecting, but also formed a successful case for investment research. In fact, it is the only available case study for investors interested in the art market, and this impact is still frequently noted by contemporary researchers of art funds.

4. Literature review

The British Rail Pension Fund was one of the most successful collaborations of art and financial operation, and developed a sophisticated system of collecting art that is copied to this day. It was one of the most important innovations at an institutional level in material culture to connect investing and collecting behaviours. Audiences were surprised not only by the quality and quantity of the artworks collected by the British Rail Pension Fund, but also the successful monetary return generated through auction sales at Sotheby's. However, academic research into the relationship between investment intention and collecting behaviour is still underdeveloped, and these two features are mostly discussed in a separate context and academic framework. The British Rail Pension Fund certainly provides a case study to develop further study on the matter. Therefore to answer the three main research questions, studies of several fields of literature are essential.

Research into the oil crisis and its impacts on the global economy provided important information to understand the motive for investing in works of art. The oil crisis not only remade the political and economic order in the mid-east region, but also impacted trade and energy consumption on a global scale. Cultural Economics studied the behaviour of social movements regarding the impacts of art and culture in the society. It is not only applied to explain social behaviour under the influence of cultural elements, but also investigates the relationship between

cultural changes and economic changes. Investigation into consumer behaviour further revealed the relationship between collecting, consuming and investing. Research into the history of collecting and collecting behaviour made a significant contribution to understand the operation and the impact of the collection of the British Rail Pension Fund. A combined analysis of economic and collecting behaviour was employed as the main method in this thesis, to argue for the contribution of the British Rail Pension Fund to the field of collecting and investment.

Research conducted on the art market for this period is also critical for this thesis. This research also provided a fundamental understanding about the art market for the British Rail Pension Fund. Changes of price and taste in the art market deeply influenced the operation of the British Rail Pension Fund and the consequent monetary return. Therefore, the management board of the British Rail Pension Fund monitored changes in the market to observe data and generate new strategies for the fund. The evaluation of the total value of the collection by Sotheby's auction house was another important source for decision-making. Works about the art market after the 1990s, especially those that considered the operation of the British Rail Pension Fund as the only available model for art fund research, reflected not only market trends, but also the impact of the British Rail Pension Fund after its termination. Press reports on the operation and sales are another significant source.

The economist Benjamin Shwadran conducted research on the oil crisis and gave a general overview of the cause in chronological order. His book “Middle East Oil Crises Since 1973” explains the formation of international oil corporations and their impacts on the mid-east region. This research introduced the collaboration between Western countries and regional authorities in the pre-1973 period, as well as their conflicts of interest. Fiona Venn not only researched the same economic issue in the book “The Oil Crisis”, but also the subsequent effects on the global economy. Drivers of the oil crisis, predominantly in political conflicts such as warfare in the 1960s and 1970s, are also included in the book. Furthermore, the author conducted regional research to examine the influence of the oil crisis on Western society, especially in Europe and the U.S. These works provided an opportunity to research into the general economic background and its various influences on business activities of 1970s. Research such as these two provided important information to understand the economic background in the 20th century, especially the oil crisis in 1973, which contributed significantly in the discussion of the purpose of art investment of the British Rail Pension Fund in this research. The influence of the oil crisis caused an economic depression on a global scale, forcing financial institutions such as the British Rail Pension Fund to invest in non-traditional investment category in order to survive during this period.

In the cultural economic framework, Bruno Frey and Werner W. Pommerehne contributed a western perspective on cultural economics in their book “Muses and Markets, Explorations in the Economics of the Arts” published in 1989. Their contribution was principally in the field of the relationship between

economics and museums and cultural economics. In their research, Frey and Pommerehne deal with the organization of theatres, operas and museums, as well as with the yield of investments in pieces of art. They argue that, in comparison to other investments, those in art are financially less worthwhile. Such investments are nevertheless made because of the mental yield that accrues. Even though their argument was one of the earliest in terms of art investment, the work was still constructed under the cultural economical framework rather than art market research. In fact, art investment was not regarded as the main issue in cultural economy or the history of art during this period.

Another important recent work in cultural economics is the “Economics of Art and Culture” first published in 2001 by James Heilbrun and Charles M. Gray. This work clearly set the parameter of investigation to art and culture rather than simply placing art under the category of culture. The authors claim that,

This is the first book to cover not only the economics of the fine arts and performing arts, but also public policy toward the arts at federal, state and local levels in the United States. The work will interest academic readers seeking a core text on the economics of the arts and arts management or a supplementary text on the sociology of the arts, as well as general readers seeking a systematic analysis of the arts.¹¹

As the authors mention, this work contains not only studies of various forms of art, but also art institutions such as museums and the art market. The authors apply terminology from economics to the art industry to explain the consumer demand of the art market, productivity lag, financial problems of the arts, markets in the

¹¹ James Heilbrun and Charles M. Gray, 2001. *The Economics of Art and Culture*, Cambridge: Cambridge University Press, p.1.

performing arts, and also government policy in the art market. However, the notion art as an asset class for investment was excluded from the discussion.

As we have seen above, all these scholarly works about cultural economics treated art as a general combination through all kinds of media including performing art, visual art, and decorative art. Many of these works concentrated on performing art as the raising of finance, and management of opera houses and theatres drew much attention from society at this period. However, art collectors were rarely mentioned by economists during this period, the focuses were more towards the macroeconomic point of view, which treated art or arts as a factor influencing the whole of society. Research into the art as an investment asset was carried out in a different framework in the 20th century. Several pieces of research in the field of the art market were conducted prior to the operation of the British Rail Pension Fund, and one of the most referenced volumes is that of Gerald Reitlinger, who published the first of three volumes of “Economics of Taste” in 1961. His work was one of the most important publications in the field with much detailed information about historical art prices in the U.K. and France. Reitlinger used historical data to support his arguments and commentaries on artworks from different period, which later became one of the most important sources of market data for the British Rail Pension Fund to evaluate the historical performance of the art market.¹² The first volume is divided into two major parts, a chronological

¹² Gerald Reitlinger, 1982[1961]. *The Economics of Taste*, Vol.1, New York: Hacker Art Book; Gerald Reitlinger, 1982[1963]. *The Economics of Taste*, Vol.2, New York: Hacker Art Book; Gerald Reitlinger, 1982[1970]. *The Economics of Taste*, Vol.3, New York: Hacker Art Book.

analysis of art collecting behaviour and art market trends from the late 18th century to 1960, and a selected sales analysis of the “most popular painters”¹³ from 1760 to 1960. The data covered various fields of visual works by western artists from the Revolutionary and Napoleonic period¹⁴ to the 1990s. He explained his interest in the variation of price in the art market, especially in the field of fine art,¹⁵ as follows “How fascinating the price of pictures has become in this humdrum world. But in the fact there has been a peculiar fascination in the price of pictures since the early sixteenth century....”¹⁶

The second volume of his work included price fluctuation in media other than paintings. Reitlinger conducted chronological research on the market for “craftsmanship”¹⁷ in the second volume, which mainly consisted of objects d’art¹⁸ from 1750 to 20th century. He also included a “sales analysis of selected types of objects d’art since 1750 to his contemporary”¹⁹ supported by historical data in the art market. He explained his research intention as follows, “...the second volume were to be devoted to everything which passes through the art salerooms, apart from the paintings and drawings which formed the subject of the first volume...”²⁰

This research covered not only western artworks, but also oriental arts, such as

¹³ Gerald Reitlinger, 1982[1961]. *The Economics of Taste*, Vol.1, New York: Hacker Art Book, p.vii.

¹⁴ Refers to the French revolutionary and Napoleonic period from in the late 18th century.

¹⁵ Commonly refers to paintings.

¹⁶ Reitlinger 1982[1961]: 6.

¹⁷ Gerald Reitlinger, 1982[1963]. *The Economics of Taste*, Vol.2, New York: Hacker Art Book, p.vii.

¹⁸ Art objects, excluded sculptures, paintings, drawings and prints.

¹⁹ Reitlinger 1982[1963]: viii.

²⁰Ibid: 8.

Chinese and Japanese art, that drew the attention of the western art market between the 18th and 19th centuries. The third volume published in 1970 mainly concentrated on the sales records of both paintings and art objects in the western art market, focusing on more recent sales records of different art genres. This volume was produced as a supplementary volume to the first two, to further support his argument on the changes of taste in the art market. Data on Chinese art sales included in the third volume only concentrates on the second half of the 20th century, which became one of the pivotal data for the *Times-Sotheby's Index* and the art market reports produced by the British Rail Pension Fund during the operation, and will be discussed in detail in chapter two.

“Economics of Taste” provided many facts on the western art market, indicating the shift in taste for art objects in the western art market, which is very important for research into the history of art, history of collecting and cultural movements. Problems with his data selection have been investigated by contemporary scholars, but the official archive did not record any concern with using his data as one of the major indicators of art market movements.²¹ Although the data was subjectively selected by the author, the records were extremely important for the study of the art market and analysis of individual artists and genres. These facts have been useful for scholars to apply to models and theories in later studies. However, the books are more focused on a historical survey of prices of individual artworks than analysis and application. Based on

²¹ Guido Guerzoni, 1995. “Reflections on Historical Series of Art Prices: Relinger’s Data Revisited”, *Journal of Cultural Economics*, Vol.19, No.3, Netherlands: Kluwer Academic Publishers. p.251-60.

these data, the British Rail Pension Fund further researched the art market using empirical and systematic analysis to understand the pattern of development of the art market.

Built on all the early research on cultural economics and the art market, a series of investigations were conducted into art markets, art management and also art investment in the 21st century. Edited by Iain Robertson and Derrick Chong, “The Art Business”, was published in 2008. It is a series of research papers addressing issues in cultural policy, regulatory, legal, and ethical issues in the art world. The book has been produced as a textbook for master’s students in art business, as the editors state in the preface.²² Because of the target audience of this work, the selection of the essays relies on the course structure of the MA Art Business course at the Sotheby’s Institute of Art. Art investment was one of the main concerns of this book, as one of the most important scholars for the research of the British Rail Pension Fund, Jeremy Eckstein, contributed an essay “Investing in Art: Art as An Asset Class”.²³ Eckstein is an economist and statistician by training. He has been analyzing the art market since he joined Sotheby’s in the 1970s, and provided performance and statistical and strategic advice to the British Rail Pension Fund during its art investment program.²⁴ His research is mainly

²² Iain Robertson, 2010. *Understanding International Art Markets and Management*, London and New York: Routledge, Preface.

²³ Jeremy Eckstein, 2008. “Investing in Art: Art as An Asset Class”, Edited by Iain Robertson and Derrick Chong, *The Art Business*, London and New York: Routledge, pp.69-81.

²⁴ Ibid: contributors.

based on his experience as statistician and advisor in several art investment programs, as he has stated,

This chapter is based on my role as an art investment advisor to the British Rail Pension Fund and ABN AMRO. For the most part, ‘art’ refers principally to paintings, although in fact the principles set out in this chapter apply equally to all categories of high-end works of art including not only pictures but also drawings, prints, sculpture, porcelain, silver, vertu, jewellery and other categories of works of art and collectibles.²⁵

These categories share great similarity to the structure of the British Rail Pension Fund’s investment program. As more experience was gained from the art market, he further compared the British Rail Pension Fund’s art investment program with recent art investment funds connected with opportunities for investing in art. This is very important to understand the behaviour of art investment in the market from the 1970s to today. However, due to the confidentiality of the archive of the British Rail Pension Fund’s art investment program, scholars such as Eckstein have been unable to access precise information on the details of the operation. Operational details in the exhibition stage are excluded from his research, and Eckstein only focuses on the financial perspective of the program. It is clear to observe from his work that although the British Rail Pension Fund was an isolated case of art investment, it deeply impacted the idea of collecting and investment in the market.

Clare McAndrew has edited a body of research in her book “Fine Art and High Finance” focused on the art market. The book consists of a wide range of topics within the art market, including the most recent research of Jeremy Eckstein,

²⁵ Eckstein 2008: 69.

Clare McAndrew and Randall Willette about the history of art funds. These essays reexamine the art market with newly developed financial tools such as the art price indices and art banking. Some essays raise problems on valuation, forgery, and the black market for artworks, as well as insurance problems. Public policies such as the relationship between the government and the art trade, and taxation in the U.S., and the U.K. were also considered major factors influencing the current art market. The book is solely focused on recent art related activities, as McAndrew states in the introduction chapter of the book,

The trade in art makes up a substantial and lucrative market, as well as one that has continued to develop despite various downturns in the global economy...it is likely that these first few years of the twenty-first century will stand out as significant in the art market's history of as period of remarkable growth, advancing prices, and growing participation from new global players.²⁶

Jeremy Eckstein's work about art funds in "Fine Art and High Finance" provides a detailed analysis of the performance of the British Rail Pension Fund's investment in works of art through sales. He further emphasizes the significance of treating art as an asset class in his paper, which conducted a comparative study with other asset classes.²⁷ He followed this up with a detailed analysis of the British Rail Pension Fund's investment in works of art from a financial perspective, constructing a quantitative investigation of the location of financial capital in the investment structure and summarizes the impact of the British Rail Pension Fund

²⁶ Edited by Clare McAndrew, 2010. *Fine Art and High Finance: Expert Advice on the Economics of Ownership*, New York: Bloomberg Press, p.28.

²⁷ Jeremy Eckstein and Randall Willette, 2010. "Art Funds", Edited by Clare McAndrew, *Fine Art and High Finance: Expert Advice on the Economics of Ownership*, New York: Bloomberg Press, pp.136-138.

through statistical data from the termination stage. He further concluded the “lessons from British Rail”²⁸ with advice for would-be followers. As he stated,

Most important, the British Rail Pension Fund’s original decision to invest in art had been prompted by the appalling state of the U.K. economy at that time and the realization that traditional equity investments were losing so much capital that they were failing to deliver the returns investors expects.²⁹

This essay is closely associated with the application of art investment in the construction of art funds in the present economic environment. Both Eckstein’s works contribute pivotal parts to the financial aspect of this thesis, especially in the statistical analysis. As the statistician hired by the British Rail Pension Fund and Sotheby’s at the time, his statistical research about the operation is the only available information on the subject.

One of the most recent pieces of research on Chinese art market was Audrey Wang’s recent work on the art market, specifically focused on the movement of Chinese antiquities.³⁰ She started her investigation firstly on the historical connection between Chinese material culture and trade in the global context, comparing the differences and movement of historical trade and today’s global market.³¹ She further divided the Chinese art market into traditional painting and calligraphy, Chinese ceramics, and decorative works of art, to demonstrate the major sectors in the current Chinese art market.³² It should be

²⁸ Ibid: 147-148.

²⁹ Ibid: 148.

³⁰ Audrey Wang, 2012. *Chinese Antiquities: An Introduction to the Art Market*, London: Lund Humphries in association with Sotheby’s Institute of Art.

³¹ Ibid: 19-41.

³² Ibid: 59-87.

noted that Chinese painting and calligraphy are rarely included in research into the Chinese art market, due to the influence of a strong Western historical preference for objects. Thus, this was one of the few works to include Chinese painting and calligraphy in an analysis of today's Chinese art market in the Western society. Wang also researched the different roles in the market such as museums, collectors, dealers, and Chinese art auctions to demonstrate the structure of the market³³. The art investment of the British Rail Pension Fund was used as the only available case study for investing in Chinese works of art.³⁴

“Art of the Deal” by Noah Horowitz was published in 2011 by Princeton University Press. This book was based on his PhD dissertation at the Courtauld Institute of Art in London and was originally conceived as a critical account of art investing.³⁵ Horowitz evaluated the structure of the art market for investment purposes and the business models of these investment practices, to consider their impact on the wider art market. He also focused on the factors influencing art investment in the market such as limited information of the performance of art funds, the decision-making of the fund and the growth of the art industry as a whole. Art investment funds are not the only focus of this work, the author also evaluates the growth and market for video art and experimental art. Several examples of the operational performance of funds have been evaluated in this book, and the British Rail Pension Fund was one of those included. However, Horowitz encountered similar difficulties researching the operation of the British Rail

³³ Ibid: 103-139.

³⁴ Ibid: 45.

³⁵ Horowitz. 2011:1.

Pension Fund's art investment program. Confidentiality of the official archive meant his research was only able to evaluate the operation from secondary sources, and much information about the British Rail Pension Fund in the book was quoted from Eckstein's work.

To summarize the discussion above, research into financial and economic perspectives did not explain the collecting and accumulating behaviours of the artworks under a financial drive. Therefore, the selecting process in the acquisition stage, and collaboration with museums for loan exhibitions by the British Pension Fund were never discussed under a multi-disciplinary framework. It is the aim of this thesis to further demonstrate the connection between the investing and collecting practices of the British Rail Pension Fund and to indicate its impact today.

Research into the history of collecting and collecting behaviour provided a theoretical framework for this thesis to construct an argument for the impact of the collection of the British Rail Pension Fund. The most important series of papers on the history of collecting were published in the "Journal of History of the Collections" by Oxford University Press. The journal has been researching the history of collection since 1989, covering a wide range of different categories of collection formed over different time periods. Moreover, many papers also investigated various collecting activities, using collectors from different regions as case studies. Collection of artworks was one of the major fields of the journal, and many papers have been published on the subject. It also contributed much research

into collecting Chinese art, such as “Champfleury, 1821-1889, a collection of Ceramics from the revolution of 1789”³⁶ and “Lever as collector of Chinese porcelain”.³⁷ Interestingly, none of the collections were formed solely under financial consideration, especially at the institutional level, except the collection of Chinese art of the British Rail Pension Fund which was the only example of its period. These papers provided information for a comparative study of the Chinese collection of the British Rail Pension Fund and other Chinese collections formed during the same period.

There is much research into collecting behaviour that has been included in this thesis in order to distinguish the singularity of the collection of the British Rail Pension Fund, as well as to argue for the impact of the collection. These pieces of research contributed an important framework and discussion to evaluate the combined behaviours of collecting and investing of the British Rail Pension Fund, providing a possible argument for the establishment of ‘investment collecting’ behaviour. One of the earliest major pieces of research on collecting behaviour was “Museums, Objects, and Collections” by Susan M. Pearce. Her arguments about collection and collecting behaviour in the book were mainly focused on museum and institutional collections. As she stated in her book,

A curator who believes that collections, and the objects and specimens within them, will always be, and should always be, at the heart of the museum operation...we should, therefore, bring to our understanding of

³⁶ Amal Asfour, 1989. “Champfleury, 1821-1889, a Collection of Ceramics from the Revolution of 1789”, *Journal of the History of Collections*, No.2, pp.179-85.

³⁷ Oliver Impey, 1992. “Lever as a Collector of Chinese Porcelain”, *Journal of the History of Collections*, No.2, pp.227-38.

museums and museum material not only the study proper to our various disciplines, and the techniques of collection and resource management...to understand the nature of museums, of their material, and of curatorship, as cultural expressions in their own right...³⁸

Pearce's argument became a pivotal study in the fields of history of collection and collecting behaviour since she summarized through case studies all the earlier arguments about the notion of collecting and collection in an academic framework and evaluated the basic drive of collecting behaviour as an outcome of interactions between material history and human activities. Although the book focuses on institutional collections, her argument for the notion of collection and collecting behaviour is applicable to both institutional and private collectors. She also discussed the function of museums by arguing for the making of museums through Materialist and Structuralist frameworks, in order to understand movements in material culture.

Pearce further edited a series of papers on the subject of "interpretations of objects and collections". A wide range of topics is included in this book, which provides arguments about the relationship between objects, museums and collections. The first part of the book researches the meaning of objects and their relationship to the nature of collecting, "therefore having a relevance which extends beyond material formally received by a museum, into the world of objects in normal social use, and that of a private collection."³⁹ The second part of the book, "Interpreting Collections", is of particular interest for this research as it

³⁸ Susan M. Pearce, 1993. *Museums, Objects, and Collections*, Washington D.C.: Smithsonian Institution Press, Preface.

³⁹ Edited by Susan M. Pearce, 1994. *Interpreting Objects and Collections*, London and New York: Routledge, p1.

provides a comparative way to evaluate the operation of the British Rail Pension Fund in both acquisition and exhibition stages.

Pearce also provided an important study of the relationship between the nature of collecting and European tradition. She emphasized the significance of cultural influence in shaping collecting behaviour, as well as the collection. She stated in her book that, “our relationship with the material world of things is crucial to our lives because without them our lives could not happen, and collecting is a fundamentally significant aspect of this complex and fascinating relationship.”⁴⁰ Collecting was not only studied based on particular collections and collectors, Pearce suggested collecting should be a process of itself. Pearce also reexamined the understanding of collecting behaviour in the social and historical context, arguing that collecting could also contribute to other values such as identity, time, space and gender.

Scholars such as Russell W. Belk contributed important research about today’s collecting behaviour using data collected by the Consumer behaviour Odyssey.⁴¹ Belk continued his research into collecting behaviour in the context of consumer behaviour, explaining the development of collecting in contemporary consumer society. He presented historical research on various literatures related to consumer society and the history of collecting, demonstrating the behaviour of

⁴⁰ Susan M. Pearce, 1995. *On Collecting: An Investigation into Collecting in The European Tradition*, London and New York: Routledge, p.3.

⁴¹ Russell W. Belk, 1994. “Collectors and Collecting”, Edited by Susan M. Pearce *Interpreting Objects and Collections*, London and New York: Routledge, pp.317-26.

individual collectors and institutional collectors by using a number of case studies.

As he stated in the conclusion,

For the vast majority of collectors who are neither addicted nor saviors, collecting appears to be a relatively healthy activity that invigorates consumer life with passion and purpose while it provides the collector with self-enhancing benefits that may be unavailable in their careers and households.⁴²

This argument is critical to collecting behaviour in the current economic environment.

In the group of papers collected by John Elsner and Roger Cardinal, a wide range of collecting behaviour through case studies of various collectors in western society are examined. They demonstrate an important movement in the history of taste, which constituted collecting behaviour and the formation of collections in different periods. Works of art, archaeological artifacts and items of curiosity were the major categories discussed in this group of essays using noticeable collectors such as Sir John Soane (1753-1837) and Captain James Cook (1728-1779) as examples. As the authors stated,

The cultures of collecting offers a bricolage⁴³ of theoretical, descriptive and historical papers whose collective ambition is not to invoke canons and confirm taste, but to lay bare a phenomenon at once psychological and social, one that not only has its less than obvious material history, but is also a continuing contemporary presence.⁴⁴

In conclusion, there are few existing works about the art collection of the

British Rail Pension Fund besides the works of Eckstein, and the Chinese

⁴² Russell W. Belk, 1995. *Collecting in a Consumer Society*, London and New York: Routledge, p.158.

⁴³ French term of do it yourself.

⁴⁴ Edited by John Elsner and Roger Cardinal, 1997. *The Cultures of Collecting*, London: Reaktion Books Ltd, p.5.

collection of the British Rail Pension Fund has never been researched academically. The most important reason for this being that the archive of the British Rail Pension Fund art investment remained confidential until 2012. The British Rail Pension Fund is the only corporation in the market of art investment to have released its operational archive to the public. Lack of information created difficulties in studying the conduct of the art investment of the British Rail Pension Fund prior to the release of that archive. Therefore, it is the aim of this thesis to fill the gap in the academic research of the Chinese works of art collection, as well as the general art investment of the British Rail Pension Fund, and moreover, to discuss its significance and impact on the present day through a cross-field study of the art market, the history of collecting and collecting behaviour.

Chapter Two: What was the purpose of the investment in the collection of Chinese works of art?

As mentioned in the previous chapter, the first question that needs to be asked is: what was the purpose of the British Rail Pension Fund's investment in the collection of Chinese art? According to the company's archives, the purpose of the investment in art was to reduce the risk of high inflation, which could damage the financial value of the pension fund. However, the reality is much more complicated, and in order to answer the question fully, it is necessary to deconstruct the answer into the following three parts. Firstly, this was not the first recession that the UK had suffered in the 20th century, yet the British Rail Pension Fund was the first institutional investor to invest a comparatively large amount of financial capital in the art market. Therefore, the significance of the 1970s recession, which forced the British Rail Pension Fund to seek alternative forms of investment needs to be discussed, as other institutional investors had not considered art an alternative investment vehicle either before or during this period. Thus, it is important to discuss the identity and uniqueness of British Rail and the British Rail Pension Fund. Secondly, because of a lack of knowledge of the global art market and the history of art, even though evidence indicated the upward potential of the global art market, the British Rail Pension Fund needed to find a suitable partner to act as investment agent and consultant. This most important partnership was formed with Sotheby's, one of the most prominent auction houses in the global market with the largest turnover and largest international expansion at

the time, especially in the field of Chinese art. Thus, the involvement of Sotheby's as advisor and data provider needs to be considered. Thirdly, the art market and the Chinese art sector within it needed to contain enough turnover, trading activities and diversity in order to attract institutional investors. One of the major differences between institutional investors and private investors was quantity of capital to invest in a particular field. Research into the art market and statistical evidence was pivotal for institutional investors to gain knowledge about art investment, which provided persuasive evidence to institutional investors of the existence of a possible investment opportunity for a comparatively larger sum of financial resources. The most important statistical research conducted during this period was the *Times-Sotheby's Index*, which became a pivotal guide for the investment in Chinese art of the British Rail Pension Fund. Therefore, this chapter will investigate the macro-economic environment of the 20th century, the history of the British Railway company, the British Rail Pension Fund and its main partner Sotheby's auction house, and finally the *Times-Sotheby's Index* and its influence on the selection of art as an alternative investment option.

1. General history of economic conditions in the 1970s

As indicated in the archive, the most important reason why the British Rail Pension Fund decided to direct part of its cash flow into investment in works of art was to hedge the risk of inflation. At the time, the most significant factor causing inflation in the U.K. and also in most other Western countries was the oil crisis in 1973.⁴⁵ This inflation jeopardized profits generated from various fields of investment in the economy, which forced the British Railways Board and British Rail Pension Fund to seek new opportunities for alternative investment options beyond the traditional pathway. Thus, the art market was one of the new approaches that the British Rail Pension Fund took during this difficult period of time. The oil crisis was a complicated issue caused not only by economic conflicts, but also political and cultural conflicts between Western countries and the Middle East region. Awareness of the importance of oil as a major source of energy in industrial countries played an important role during the conflicts. As a result, the oil crisis did not only bring Western countries into a serious recession, but also directly damaged the investment market.

The oil crisis occurred before a complicated background in the 1970s. The contest of oil price between OPEC⁴⁶ and Western control became serious in the 1970s. After the early development of the oil industry in the Middle East region by

⁴⁵ British Railways Board, AN 167/40, (14.02.1974), The National Archives Kew Garden, Meeting minutes: British Railways Board.

⁴⁶ OPEC is an intergovernmental body: Organization of the Petroleum Exporting Countries.

the Western powers, major oil exporters were seeking to alter the existing pattern of oil output and pricing, and aiming to become independent. It was obvious the rising power of united oil producing nations such as OPEC challenged the traditional Western domination of the global oil market. Foreign oil companies initially agreed to offer an increase of 45 cents per barrel in the negotiation between OPEC and oil companies. However, this offer from the oil companies did not match the expectation of OPEC, which was for an increase of \$3 per barrel.⁴⁷ Moreover, conflicts in the Mid-East region carried on with military action during the 1970s. The long-standing Arab-Israeli dispute also aggravated the region, causing military action in 1967.⁴⁸ Therefore, the increase in oil price and reduction of oil supply in the 1974 raised costs in many fields of economic activity.

The impact of the oil crisis did not only damage the U.K. economy, but also had influence on other parts of Europe and America as well. It was a period of global recession with a combination of sharply raised inflation and high rates of unemployment. One significant piece of evidence of the economic struggles encountered by Western countries during this period was the pressure on major reserve currencies. The U.K. had experienced a series of economic and financial crises since the end of the Second World War. A particularly severe sterling crisis led to its devaluation from 2.80 dollars to 2.40 dollars in November 1967.⁴⁹ The devaluation of sterling not only increased the cost of imports including oil, but also

⁴⁷ Fiona Venn, 2002. *The Oil Crisis*, London: Pearson Education Limited, p.8.

⁴⁸ Also known as the Six-Day War, fought between Israel and the neighboring states of Jordan, Syria, and Egypt. Many issues caused the military action such as territorial disputes, straits of Tiran, and water disputes.

⁴⁹ Venn 2002: 152.

increased the cost of overseas investments by British companies, such as the British Rail Pension Fund, which reduced profits even further. As one of the tools the pension fund used to hedge the risk of investment from fluctuations in the national economy over the long term, overseas investment played an important role in the British Rail Pension Fund's portfolio. Most of the overseas investment performed by the pension fund was restrained by risk management protocol, which forced them to invest in safer environments. Traditionally pension funds only consider investment in developed countries. It was clearly mentioned in the meeting minutes in the official archive of the British Rail Pension Fund that the devaluation caused problems for overseas investment options, thus forcing the British Rail Pension Fund to seek a new opportunity beyond traditional fields.

The relationship between the oil crisis and the high inflation rate of the world economy in the 1970s was very obvious. The average annual rate of inflation for industrial goods in U.K. was over 7% and increased to 13% by December 1974.⁵⁰ The sharp jump in oil prices accounted for about a quarter of the average inflation rate of around 13% experienced in industrialized countries, as well as causing industrial dislocation and subsequent unemployment.⁵¹ Moreover, petroleum was not the only commodity that had a rapid increase in price, as other important commodities, due to their close relationship with oil, suffered similar increases. Therefore, in order to maintain the same living standard before the oil

⁵⁰ Paul Hallwood and Stuart Sinclair, 1981. *Oil, Debt and Development: OPCT in the Third World*, London: George Allen & Unwin, p.27.

⁵¹ Thomas O. Ender, 1974-5. "OPEC and the Industrial Countries: The Next Ten Years", *Foreign Affairs*, Vol.53, p.625.

crisis, companies and government needed to increase average wages or suffer higher unemployment. Thus, the productivity of the national economy was decreased, which led to slower growth of GDP. The OECD⁵² reported the average growth rate was just over 5% in the period 1970 to 1973, but this dropped to only 1.5% between 1974 to 1976, and some countries even registered a negative growth rate.⁵³ These problems were emphasized several times in the official archive of British Rail and the British Rail Pension Fund as pivotal factors forcing the board to seek alternative investment vehicles.⁵⁴

The oil crisis has been often mentioned and reported by major media, and *The Times* started to focus on the issue of the oil crisis in early 1973.

The Times begins a series of article today on the energy crisis. We do not seek to overstate the problem, nor to propose easy solutions to it. Our aim is to report and explain what is likely to prove one of the key issues of the next fifteen years which touches the lives of all of us.⁵⁵

The Times clearly stated the point of a long-term influence on the whole nation, brought by the increase in oil price. Britain continued to import inflation at a rapid rate in the middle of 1973, the prices of British imports suffered an increase of 31% in one month which was the biggest increase since the Korean war. The cost per item of Britain's imports having risen over 30% in only a year led to an increase in

⁵² Organization for Economic Co-operation and Development, founded at 1961, most of the members are high income economies and regarded as developed countries.

⁵³ Armand Pereira, Alistair Ulph and Wouter Tims, 1987. *Socio-Economic and Policy Implications of Energy Price Increases*, Aldershot: Gower, p.14.

⁵⁴ British Railways Board, AN 167/40, (14.02.1974), The National Archives Kew Garden, Meeting minutes: British Railways Board.

⁵⁵ The Times, 1973. "A Survey of the World Oil Crisis", *The Times*, (09.04.1973), p.13

the general level of prices at home by 5%.⁵⁶ Unemployment also started to increase in the early 1970s with more than 2,250,000 people registered for unemployment benefit when the official count was taken in the middle of January of 1974.⁵⁷ The increasing unemployment rate directly impacted on the operation of the British Rail Pension Fund, since the purpose of the fund was to provide suitable income for employees who could no longer work. Moreover, the high unemployment rate narrowed the cash flow into pension funds.

The stock market also shrank during the oil crisis, which narrowed the investment options for corporations. The British Rail Pension Fund certainly understood the risk to the current stock market in 1974 and decided to abandon investment in it. At the end of 1974, the net purchases of ordinary shares in the stock market decreased to £350 million from £1,400 million in 1972. The main reasons for the decrease in the stock market were a decrease in corporate profit caused by high inflation, the oil crisis and its potential debilitating impact on world trade and national economy, and a widespread draining away of confidence in the financial system.⁵⁸ The British Rail Pension Fund reviewed the performance of the stock market, and had kept certain portfolios in the stock market from 1970. However, the level of investment performance of the portfolios of the British Rail Pension Fund was disappointing both during 1976 and over the past six years

⁵⁶ Peter Jay, 1973. "Import Prices in August Show the Biggest Rise Since 1967 Devaluation", *The Times*, (05.10.1973), p.23.

⁵⁷ The Times, 1974. "Biggest Jump in Jobless Total Since Last War", *The Times*, (25.01.1974), p.1.

⁵⁸ The Times, 1974. "The Crisis in the Stock Market", *The Times*, (23.11.1974), p.15.

period reviewed. That said, “many outside factors had affected the end results which made consistent annual performance over the six years very difficult to achieve”.⁵⁹ The decrease in profit generated by British industries was also noted by the British Rail Pension Fund, as mentioned in the board meeting in the archive in 1974 that, “funds were not flowing into British industry because industry was at present unprofitable. If the government set the scene to enable it to become profitable, money was available through normal channels and would flow into it.”⁶⁰ However, investment in the stock market started to increase after 1976 because of the optimistic forecast in future development of the national economy. As other investment options started to become available and more attractive while the economy was recovering from recession, the British Rail Pension Fund redirected their investment into traditional fields such as the equity and property market, which directly caused the termination of the acquisition stage of the art investment.

On the other hand, British Rail seemed very optimistic in early 1974, when increasing oil prices made public transport an important alternative option for travelling long distances. Even though, in the September of 1974, the British Prime Minister made an announcement to address the difficulties that the nation was currently experiencing, emphasizing the downside of the economy with

⁵⁹ Archive of the British Rail Pension Fund, AN 192/468, (12/13.10.1977), The National Archives Kew Garden, Meeting Minutes.

⁶⁰ Archive of the British Rail Pension Fund, AN 192/468, (04.11.1974), The National Archives Kew Garden, Meeting Minutes.

existing high inflation rate and unemployment rate.⁶¹ Four identical photos of a locomotive were posted in *The Times* to indicate the ability of using alternative energy to operate trains in the future railways system. The following text stated,

It will take more than one energy crisis to stop our railways running. Oil as we now know to our cost is unlikely ever to be cheap again... So we got to develop a transport system that doesn't depend on it... The advantage for Britain is obvious. If one fuel becomes scarce or too expensive, a vital part of our rail system can be switched to another. Electrification today means we won't be stopped in our tracks tomorrow.⁶²

At the end of this article, the text emphasized “British Rail, a great British investment”.⁶³ The use of informal and everyday language was clearly intended to reach the majority of people and to emphasize the importance of the business in a more friendly fashion certainly the advertisement of the British Rail had its propaganda purpose. In fact, British Rail also suffered from the increase in oil price, even though the majority of its trains ran on coal. This was because the price of coal was also increased because of the miner’s strike from 1973 to 1974. The coal price increased rapidly in 1974, power coal rose by an average £2.70 a ton compared with 1974 £5 to £9. Coking coal rose an average £3.30 a ton compared with £7.50 to £12. And other industrial coals were up £3.10 a ton against £6.50 to £11. The British Rail Board notified the Price Commission that it wanted to raise fares and freight rates by an average of 10% in June of 1974. This increase was more than double the rise awarded in the previous year.⁶⁴ Although the British Rail

⁶¹ The Times, 1974. “Prime Minister Calls for a United Britain and Gives Warning of Sacrifices to Come”, *The Times*, (06.09.1974), p.4

⁶² The Times, 1974. “It Will Take More than One Energy Crisis to Stop Our Railways Running”, *The Times*, (10.05.1974), p.11

⁶³ Ibid.

⁶⁴ Maurice Corina, 1974. “Industry Faces Increase of up to 48% in Price of Coal”, *The Times*, (12.03.1974), p.1

Pension Fund was attached to the British Railways company, it was more closely related to the equity and real estate market than the train operation in the U.K., as the majority of the income of the British Rail Pension Fund was generated by investment in such fields.

Increasing oil prices and high inflation also had an impact on the art market, influencing the trend of the market after the boom of 1967. Although there were different sectors in the art market, auctions provided open data for analysis of the fluctuations during this period. As Peter Watson pointed out in his research of the modern art market,

...Effect of the rise in oil prices was to cause the auction houses to reexamine their finances. Within months of its successful stock offering, the situation at Christie's was already bleak...the firm's shares had slumped to an all-time low of 23p (they were 700p in 1987)...As Sotheby's sales slumped by 30 percent, debt jumped from £1.6 million in September 1972 to £7.5 million two years later, and twenty-six people were let go.⁶⁵

The three major auction houses of the art market, Sotheby's, Christie's and Phillips each reported an increase of turnover in the saleroom from the season 1969 to 1970 before the recession. Christie's achieved a notable success in increasing turnover from £15 million to £20 million during the season. This increase was mainly contributed by the increase of prices in the saleroom, which represented a 30% growth from the past season. The improvements of Sotheby's and Phillips were comparatively minor: Sotheby's increased from £25.1 million to

⁶⁵ Peter Watson, 1992. *From Manet to Manhattan: the Rise of the Modern Art Market*, London: Hutchinson London, p.352.

£25.4 million, and Phillips only added £100,000 in the total.⁶⁶ Therefore, the whole art market was still in a pattern of upward trend before the oil crisis. All of the three major auction houses were located in London which represented the dominant position of London as the centre of the art market. Fluctuations had occurred in the art market during the season of 1970 to 1971, when Christie's only showed an increase of £5 million in turnover and Sotheby's showed a decrease of £3 million.⁶⁷ However, both Sotheby's and Christie's announced a dramatic increase of turnover in 1972, with a £70 million total combined between these two major auction houses. Sotheby's increased its turnover from £35.8 million to £43.3 million. The total number of lots sold at auction was increased by its worldwide expansion, while unsold lots have averaged a little under 10% of turnover at Sotheby's London.⁶⁸ Solid confidence was showed in the art market by increasing activities of trade and price paid for individual lots. Many new records for art sold at auction appeared on the market during this season. The art market further expanded from 1973 to 1974. While Sotheby's reached £71.7 million, Christie's reached £33.8 million⁶⁹ in 1973, followed by another 26% increase for Sotheby's, and 30% increase for Christie's in 1974.⁷⁰ Most of these increases were contributed by the expansion of the global market for both auction houses. *The*

⁶⁶ Geraldine Keen, 1970. "Hard Year for Art-but Not for Christie's", *The Times*, (01.08.1970), p.12.

⁶⁷ Geraldine Keen, 1971. "Fluctuations in the Art Market, Christie's Reverse the Trend", *The Times*, (31.07.1971), p.10.

⁶⁸ Geraldine Keen, 1972. "Sotheby's and Christie's Turnover Totals £70m", *The Times*, (03.08.1972), p.18.

⁶⁹ Geraldine Keen, 1973. "Turnover of Major Salerooms up 70% in Sensational Price Boom", *The Times*, (02.08.1973), p.2.

⁷⁰ Geraldine Keen, 1974. "The Year Investors Turned the Art Market Upside Down", *The Times*, (02.08.1974), p.16.

Times not only became the leading press reporting on the art market from this period because of Geraldine Norman's research in the *Times-Sotheby's Index*, but also became the main media reporting on the operation of the British Rail Pension Fund's art investment.

The analysis conducted by the *Times-Sotheby's Index* already indicated an upward trend in the art market. The returns offered by works of art over the long term were proved by the data gathered from 1951 to 1969, which suggested it carried the characteristic of a possible long term investment. Combining the research of the *Times-Sotheby's Index* and the data from the art market from 1970 to 1974, the result showed a strong return on capital during this period regardless of the movements in the global economy. Seemingly the correlation between major economic indices and the art market was at a very low level, with the art market not responding to the recession of U.K. Therefore, it was reasonable for the British Rail Pension Fund to start to invest in works of art while other major fields of the British economy were suffering from high inflation and unemployment.

2. British Railways and the British Rail Pension Fund

(i) British Railways

The identity of British Rail and the British Rail Pension Fund as nationally-owned industries attracted much attention and criticism during the operation of the art investment, which will be discussed in chapter five. Therefore, it is significant to understand the history and uniqueness of their identities in order to understand the impact of the operation. Railways in Britain have always played an important role on the economy. The British Railways or British Rail was one of the most important companies in the United Kingdom, and has been operational since 1948, as four major companies: Great Western Railway, London Midland and Scottish Railway, London and North Eastern Railway, and Southern Rail. British Rail was under the trading brand of the British Transport Commission.

British Rail operated within a very complicated system for managing railways in the UK since 1948. This system was divided into two parts, the first part established in 1948 acted as the managerial organization which managed various types of transport systems, while the second part consisted of different regional offices at the executive level. The first system was called the British Transport Commission organization, which was formed under the transport Act

1947.⁷¹ The financial department and legal advice and solicitor departments were centralized in the British Transport Commission with six regional offices. Different regional offices were located at different centres, with the London Midland regional office based at Euston station, The Western regional office based at Paddington station, the Southern regional office based at Waterloo station, the Eastern regional office based Liverpool St station, the North Eastern Regional office based at York, and the Scottish regional office based in Glasgow, this was the second system. As the pension scheme for workers of the British Railways, it is possible to note that the structure of the British Rail had much influence on the art investment of the Pension Rail Pension Fund. For example, one of the major exhibitions of Chinese art was held in Fairfax House in York, where the Northern Eastern Regional office and the National Railway Museum located, which will be discussed in detail in chapter five.

The structure of British Rail changed dramatically in 1963 because of the influence of the Transport Act of 1962,⁷² in fact problems had already started to appear in the market in the late 1950s. The most serious issue at the time was financial deficit. The British Transport Commission was dissolved into British Railways, London Transport, British Transport, Inland Waterways, and other holding companies. Each sub-company was managed by a special board or

⁷¹ Transport Act 1947 is an Act of the Parliament of the U.K. Various types of transport were acquired and managed by the state under the new established organization called the British Transport Commission. The British Transport Commission reported directly to the Ministry of Transport.

⁷² Transport Act 1962 was a Parliament Act of U.K. in 1962, passed by Harold Macmillan's conservative government to dissolve the British Transport Commission.

authority, such as British Railways Board, London Transport Board, British Transport Docks Board, and Inland Waterways Authority. These boards and authorities directly answered to the Minister of Transport. Therefore, British Rail was under the management of the British Railways Board, including the British Rail Pension Fund. The system maintained a similar structure while the British Rail Pension Fund was investing in works of art. Much important information has been uncovered through investigation of the archive of the British Railways Board and the British Rail Pension Fund at the National Archive at Kew, London, including minutes from meetings, letters, reports, and investigations, all vital primary resources.

(ii) British Rail Pension Fund

Pension funds did not normally invest in art, so the British Rail Pension Fund was the first pension fund to consider art as an alternative investment option, placing art in its investment portfolio, which was a very controversial issue at the time. It is important to understand the uniqueness of the British Rail Pension Fund and its advantage in art investment. The pension fund is an important tool that government has used to redistribute income to help reduce poverty. Occupational pension schemes are related to a particular occupation or contract of employment. When an individual leaves that occupation he will generally leave the pension scheme and have his accumulated pension rights transferred to the scheme of his new employer.⁷³ The act of parliament in 1810 (50 Geo. III, c. 117)⁷⁴ was the first direct concern by the government for the explicit provisions with its own employees. Government employees were mainly focused on civil and many other public servants.⁷⁵ Generally speaking, pension funds acted as a life insurance or social security in the early stage. According to Blake's work on Pension Schemes in the United Kingdom,

The first attempt by the government to establish an occupational pension scheme was in 1712, when a superannuation fund was set up by Treasury

⁷³ David Blake, 2003. *Pension Schemes and Pension Funds in the United Kingdom*, Oxford: Oxford University Press, p. 21.

⁷⁴ Public Salaries, etc. Act 1810, an act to direct that Accounts of Increase and Diminution of Public Salaries, Pensions and Allowances shall be annually laid before parliament and regulate and control the granting and paying of salaries, Pensions and allowances.

⁷⁵ Blake 2003: 23.

warrant so that HM Customs and Excise officers in London could contribute sixpence in the pound from their salaries.⁷⁶

People who enrolled in this pension scheme were required to contribute part of their salaries to guarantee a later insurance after retirement. Therefore the most important aim of the pension fund was to maintain a low risk portfolio and sustainable and consistent return to investors, giving them financial security following retirement.

One of the most important benefits that pension funds received from the government was tax exemption. As Blake mentioned in his book, the Finance Act of 1965⁷⁷ introduced the taxation of capital gains in section 20. But under section 36 most superannuation funds were exempted from the payment of this tax, and such funds were designated gross funds. However to warrant the tax exemptions under section 36, the fund had to engage in investment and not trading or property development.⁷⁸ However, it was difficult to identify art as a category within existing investment system in the 1970s. Moreover, the difference between dealing and investing was ambiguous in the art market because all the transactions in the art market tended to be confidential to public, making it impossible to evaluate. This was one of the serious concerns of the Trustees of the British Rail Pension Fund while investing in art. Taxation obviously could increase the cost the operation and reveal confidential information to the public, both effects that were

⁷⁶ Ibid: p.22.

⁷⁷ Act 1965 is an UK Act of the Parliament. Two major taxes have been introduced by this Act. Corporation Tax is a system taxing corporation base on its income, Capital gains tax is a system tax on disposal of assets.

⁷⁸ Blake 2003: 38.

not desired by the British Rail Pension Fund. The issues of taxation and negotiation with the Inland Revenue were constantly mentioned in the meetings of Trustees, and long-term investment was one of the methods used by the British Rail Pension Fund to prevent the extra cost of taxation.

The British Railways Board had less involvement in the operation while investing in works of art, but acted as the Trustee of the fund to supervise and monitor the general performance. As mentioned above, the most important task of the British Rail Pension Fund was to secure a comparatively safe environment for its investment to achieve a satisfactory return in the long term. Therefore, any risky investment was most likely excluded by the board of the British Rail Pension Fund. The British Rail Pension Fund had an independent operational system to invest in different classes of asset. It was not a single fund managing all the pension capital from the British Rail system, but acted in a managerial role governing and allocating resources into several funds. At the end of 1974, while British Rail Pension Fund started to invest in works of art, the board of the British Rail Pension Fund managed several small funds. The British Railways Superannuation Fund, British Railways (Wages Grades) Pension Fund, and British Transport Police Force Superannuation Fund were open to enroll new members to the pension scheme. Other funds such as G.W.R⁷⁹ Inspectors and Foremen's Special Pension Fund and G.W.R Widows and Orphans' Benevolent Fund were

⁷⁹ G.W.R is an abbreviation for Great Western Railway, a British Railway company that operated railway linked London with the south-west and west of England and Wales.

already closed at that period.⁸⁰ The capital for the investment in works of art was invested from the two open funds above. The board of the British Rail Pension Fund consisted of a group of members from the British Railways Board acting as the representatives of the Trustees. As indicated in the archive, Mr. J.M.W Bosworth (n.d.) acted as the Chair of the Trustee's meetings, another seven members present at the meeting were members other British Railways Boards.⁸¹

Many other investments, such as investments in foreign securities and property, were operated at the same time as the British Rail Pension Fund was investing in works of art, which will be discussed in below. It was important to invest in wide fields of assets in order to reduce the risk, which increased significantly once the economy showed signs of recovery after 1978. The board of the British Rail Pension Fund was required to divide its attention between all the possible investment options. There were four major divisions under the Trustees of the British Rail Pension Fund, Investment Committees, Controller Corporate Pensions, Financial Controller and Chief Internal Auditor, and Chief Secretary. The most important division was the Investment Committee, responsible for all the investment activities. General Investment Managers, Specialist Sub-Committees and Specialist Investment Managers supported the Investment Committee to operate the investment at an executive level. Specialist Sub-Committees who monitored the operation of the investment project of the British Rail Pension Fund were formed by a group of selected specialists, which was assembled by the

⁸⁰Archive of the British Rail Pension Fund, AN 192/468, (4.11.1974), The National Archives Kew Garden, Meeting Minutes.

⁸¹Ibid.

Investment Committee. The Controller Corporate Pensions was supported by the Consulting Actuaries to monitor performance measurement, approval of rule amendments and advice on general matters and responsibilities. The Financial Controller was responsible for auditing and financial controls of the British Rail Pension Fund. The Chief Secretary recorded minutes of Trustee meetings.⁸²

The Investment Committee hired many advisors to assist making decisions on particular investments, and many of these advisors were hired externally. This working relationship shared a similarity with the collaboration between the British Rail Pension Fund and Sotheby's. However, Sotheby's did not purchase works of art directly for the British Rail Pension Fund, most of the executive work was carried out by Lexbourne, the newly formed managerial company. It is not clear that a managerial company was established in any other investments of the British Rail Pension Fund during this period, but certainly the British Rail Pension Fund demanded full control of the investment in works of art through a special investment team. The relationship between the British Rail Pension Fund and Investment Committee could sometimes be complicated. As recorded in the archive, the Board

Had delegated their investment powers to the various Investment Committees and these Committees decided the strategic policy after considering the advice of their advisers. The policy naturally tended to follow that advice and reflected both the different opinions of the two advisers and those of the different committees...Although the advisers' objective was to invest funds to meet the requirements of the Funds in the long term, it must be accepted that there was no single answer to this

⁸² Archive of the British Rail Pension Fund, AN 192/468, (14.10.1976), The National Archives Kew Garden, Meeting of Trustee.

problem and adviser tended to have particular expertise in some fields of investment which they favored when giving their advice.⁸³

As mentioned above, many investments were also considered by the Board to hedge the risk of inflation, and the investment in works of art was one of the investments that the management team tried to maintain the value of the fund. One of the earliest considerations besides investing in works of art was a long-term investment in agricultural property. As the meeting minutes in the archive indicated,

It was noted that the Investment Committee had been advised that because of the state of the market investment in agricultural land was of potential interest to the long term investor...the essential feature was to obtain the correct expert advice on acquisition and management as the area of risk was in the subsequent control of the properties for the funds.⁸⁴

Another investment in 1976 was a possible investment opportunity in purchase of shares in a company dealing with five metals on the London Metal Exchange. The meeting minutes in the archive indicated that, whilst up until a year or so ago this form of investment had been considered somewhat unconventional,

It was becoming more widely used by investors because of the continued search for diversification and in order to spread risks over economic cycles. In addition it provided another opportunity for a hedge against inflation by reason of metals being an internationally traded commodity and thus not so dependent upon the U.K. economy.⁸⁵

⁸³ Archive of the British Rail Pension Fund, AN 192/468, (4.11.1974), The National Archives Kew Garden, Meeting Minutes: a meeting of the Trustee of British Railways Superannuation Fund and British Railways (Wages Grades) Pension Fund.

⁸⁴ Archive of the British Rail Pension Fund, AN 192/468, (13.05.1976), The National Archive Kew Garden, Meeting Minutes.

⁸⁵ Archive of the British Rail Pension Fund, AN 192/468, (10.06.1976), The National Archives Kew Garden, Meeting Minutes.

Both investments were maintained inside the border of U.K., and had audience worldwide or inelastic demand in the market. As determined by the British Rail Pension Fund, the most important characteristic shared between investment in works of art, metal dealing company and agricultural industry was the intention to achieve stable returns over a long period of time.

The British Rail Pension Fund was also involved in several external or overseas investments to hedge the risk of inflation during the 1970s. One of the examples of overseas investment conducted by the British Rail Pension Fund was the equity investment in foreign securities. The Trustees borrowed “10 million U.S. dollars, being part of the total of 50 million U.S. dollars borrowing authorized by the Trustees at their meeting on 10th June 1976, for the purpose of investment in foreign securities.”⁸⁶ Another example was the investment in property in the U.S, where the Trustee of the British Rail Pension Fund approved a property investment in California, U.S. with collaboration with Westcoast Freeholds.⁸⁷ The British Rail Pension Fund also invested independently without any collaboration with a third party during this period. Although the result of these investments was unclear, the Trustees tried to use international market demand to hedge the risk.

In conclusion, as a financial institute attached to the national owned company British Railways, the British Rail Pension Fund was urged to invest its

⁸⁶ Archive of the British Rail Pension Fund, AN 192/468, (09.06.1977), The National Archives Kew Garden, Meeting Minutes.

⁸⁷ Archive of the British Rail Pension Fund, AN 192/468, (13.01.1977), The National Archives Kew Garden, Meeting Minutes.

capital into alternative investment vehicles to maintain the value of the fund as both domestic and international business sectors crashed during the oil crisis in the 1970s. One of the reasons that art was not considered as a major investment option was insufficient market data. The difficulties in valuation of the works of art due to fakes and lack of statistical analysis also set barriers for institutional investors evaluating investment performance. With assistance from Sotheby's and quantitative analyses conducted by the *Times-Sotheby's Index*, it was possible for the British Rail Pension Fund to find solutions. These issues had been mentioned several times in the minutes in the official archive.⁸⁸ Although art was not considered as a traditional investment vehicle, the art market performed well in general during the oil crisis. This might be the most important reason for the British Rail Pension Fund to invest in works of art. However, it is necessary to understand how the British Rail Pension Fund selected external advisors for professional assistance and decided the allocation of financial capital in a variety of categories in the art market in order to form the art investment. Studies of the main partner, Sotheby's auction house, the Chinese art market, and the market research performed by *Times-Sotheby's Index* will now follow.

⁸⁸ Archive of Art Investment: AN 198/4, (10.12.1974), The National Archives Kew Garden, Letter: from Sotheby's.

3. Sotheby's auction house, the Chinese art market, and the Times-Sotheby's Index

(i) Development of Sotheby's

As one of the oldest auction houses still in operation, Sotheby's played an important role in the art market, especially in the market of Chinese art. Due to its lack of knowledge about the art market, the British Rail Pension Fund could not have formed a successful investment in Chinese art without assistance from a major auction house. Julian Thompson was the most important expert who assisted the manager of the managerial company from 1974 to 1980 to form the investment in Chinese art. Long involvement in the art market gave Sotheby's a comparative advantage in the field, especially in the global market of Chinese art. Moreover, Sotheby's had the largest number in regional salerooms, which allowed them to generate sales in various categories in the global art market. The result of the operation satisfied the initial demand of the British Rail Pension Fund, to avoid the risk of inflation by financial return at termination, in which Sotheby's auction house played an important role. Therefore, it is necessary to understand why Sotheby's was selected as the sole partner in the operation through investigation of the development of Sotheby's auction house and its Chinese department.

Sotheby's was founded by Samuel Baker (d.1778) in 1744 as a collectible auction house specialized in books and manuscripts, although in its early days the

business was not considered an auction business. The first catalogue produced under the name of Samuel Baker was a “catalogue of a choice library of books” in 1733-34. The first auction catalogue was produced within the year of 1744, when the advertisement on the catalogue switched from “which will be sold cheap” to “which will be sold by auction”.⁸⁹ Sotheby’s was mainly in the business of book auctioning in this period, and many important sales were performed.⁹⁰ The business further developed as Baker strengthened his relationship with important collectors. Sotheby’s did not reach into other areas such as fine art and decorative art at this stage, certainly Chinese works of art were not the main concern in the business of Sotheby’s in the 18th century.

The business developed in the 19th and 20th centuries, when several sales of various fields of fine art started to appear in the catalogue of Sotheby’s. The development of the business assisted Sotheby’s expansion into other fields such as pictures, engravings and decorative arts, which led to the expansion of the gallery in North Wellington Street at No. 21.⁹¹ Geoffrey Dudley Hobson (1882-1949) took on the department that concerned itself with works of art, including porcelain, pottery glass, arms and armour, Oriental and European objets d’art.⁹² Furthermore, Sotheby’s expanded into many other categories in the early 20th century after Hobson took over the department. The phrase ‘works of art’ included a wide range of different fields of works of art in Sotheby’s, which consisted of:

⁸⁹ Frank Herrmann, 1980. *Sotheby’s Portrait of an Auction House*, London: Chatto & Windus, pp.1-2.

⁹⁰ Ibid: p.9.

⁹¹ Ibid: p.46.

⁹² Ibid: p.107.

Furniture, tapestry, carpets, needlework, glass, pottery, porcelain, pewter, silver, bronzes, enamels, clocks and watches, stained-glass windows, musical instruments, and all manner of things oriental including again pottery and porcelain, as well as jade, hardstones, lacquer and ivory. In fact, almost anything and everything that had been made by skilled craftsmen in the field of decorative arts since the time of the Renaissance.⁹³

The proportion of sales of Sotheby's was divided into 30% in books, 48% in works of art, and 22% in pictures and coins, between 1934 and 1939. By contrast, the weight of turnover in sales of works of art increased to 72%, and books and pictures only contributed 15% in 1944.⁹⁴ The development of the art market divided Sotheby's into eight major departments in 1964, including Old Master pictures, English and modern pictures, Prints and Drawings, books and manuscripts, silver and jewels, works of art, antiquities and coins, and furniture. As Heath observed, "Sotheby's specialized in book sales and indeed only following the First World War did it begin to hold regular auctions of art and antiques, a strategy that flourished from the 1950s onwards"⁹⁵ These developments and categorizations certainly influenced the structure of the British Rail Pension Fund's art investment. As result, the British Rail Pension Fund covered every single category of Sotheby's expertise in the art market at the time.

⁹³ Ibid: p.219.

⁹⁴ Ibid: p.309.

⁹⁵ Christian Heath, 2013. *The Dynamics of Auction*, Cambridge: Cambridge University Press, p.6.

Competition in the global art market increased dramatically in the 1970s. As Nicholas Faith described, “The battle was now world-wide”.⁹⁶ However, Sotheby’s still firmly held its top position in the global auction market with a turnover twice that of Christie’s, in 1973. Undeniably, Sotheby’s certainly held the comparative advantage over other major competitors such as Christie’s and Phillips at that time. It was the biggest auction house with the widest coverage of the global art market in different regions in the 1970s. Therefore, it was obvious to select Sotheby’s as the suitable candidate for this adventure in the art market. As Herrmann pointed out in his book, “why Sotheby’s? People asked. The answer given was that they were known to be the most prominent firm of fine art auctioneers, the most internationally based with the largest number of experts on their staff and the biggest turnover.”⁹⁷

⁹⁶ Nicholas Faith, 1985. *Sold: The Revolution in the Art Market*, London: Hamish Hamilton Ltd, p.131.

⁹⁷ Herrmann 1980:419.

(ii) Sotheby's development in the Chinese art market

As discussed above, the leading role of Sotheby's in the art market became the most significant reason for the British Rail Pension Fund to form the collaboration with them for the art investment. As one of the major categories and the largest non-western artwork group in the art investment of the British Rail Pension Fund, Chinese art also played an important role in the development of Sotheby's. Sotheby's Chinese art department became not only one of the most dominant platforms in the world, but also expanded into Asian regions in the 20th century, with its first sale in Hong Kong in 1973 at a time when there were no major art auctions held in Hong Kong and mainland China. Sotheby's general idea of 'Oriental works of art' gradually disappeared in the 20th century and sales specializing in Chinese works of art started to appear at the same time. This indicated not just a change in the understanding of art by Sotheby's, but also symbolized the change of taste and fashion in the art market and collecting. It is significant to investigate the development of Sotheby's Chinese art department to understand why Chinese art was included in the investment. One of the most important sales in Chinese art was the sale of the collection of the Winkworth family in London in April 1933.⁹⁸ Stephen D. Winkworth (d.1938) was not only an important collector in the Western history of collecting Chinese works of art in early Chinese porcelain and pottery, but also one of the founders of the famous

⁹⁸ Sotheby's, 1933. *Catalogue of the well-known and extensive collections of Chinese pottery and porcelain, Chinese works of art and fine old English furniture, the property of Stephen D. Winkworth Esq.*, (25-28.04.1933).

Oriental Ceramic Society in 1921.⁹⁹ Sotheby's sold part of the collection of Winkworth in four days, including Chinese pottery, porcelain and works of art.¹⁰⁰ As Herrmann pointed out in his book, the four-day sale in 1933 was very important to Sotheby's. The saleroom was crowded, and this attendance certainly helped prices, resulting in £19,334 for 787 lots. 611 lots solely of oriental porcelain and works of art occupied the first three days. They included early Chinese wares of the Han, Tang, Song and Ming, through to the Qing dynasties, and though the dealers were there in force, many pieces were bought by private collectors and museums. The fourth day was devoted to cut glass, Chinese and European lacquer, clocks, Chinese paintings and glass and fine walnut, mahogany and satinwood furniture.¹⁰¹ The Burlington Magazine also reported before the sale,

...The well-known collection formed by Stephen Winkworth of rich Chinese ceramics and English furniture should make a strong appeal to the market as many examples have been favorably noticed by standard writers, and on frequent occasions selected specimens have been on loans at the Victoria and Albert Museum and the Burlington Fine Arts Club...full of fine illustrations prominence has been given to a remarkable Cheng Hua vase, enameled with green, yellow and turquoise dragons and flowers on an aubergine ground, an example worthy of being compared with one in the celebrated Eumorfopoulos collection.¹⁰²

After Winkworth's death in January 1938, a second four-day sale was held at Sotheby's within the same year and it consisted principally of Chinese ceramics

⁹⁹ The Burlington Magazine, 1971. "The Oriental Ceramic Society", *The Burlington Magazine*, Vol. 113, No. 820, (07.1971), p.361.

¹⁰⁰ Sotheby's, 1933. *Catalogue of the well-known and extensive collections of Chinese pottery and porcelain, Chinese works of art and fine old English furniture, the property of Stephen D. Winkworth Esq.*, (25-28.04.1933).

¹⁰¹ Herrmann 1980:302.

¹⁰² A.C.R. Carter, 1933. "Forthcoming Sales-Sargent, Romney and Hoppner in New York", *The Burlington Magazine for Connoisseurs*, Vol. 62, No. 361, (04.1933), pp. 15-16

and old English furniture.¹⁰³ The Burlington Magazine further emphasized the importance of the collection before the sale, “the sale is calculated to arouse lively competition for over thirty of the seven hundred lots appeared in the Chinese Exhibition of 1935-6. Among the more important pieces are four Kuan-Yin and the well-known Ming blanc-de-Chine seated Buddha reproduced as a frontispiece to the catalogue.”¹⁰⁴ One more sale took place one year after.¹⁰⁵

Other important collections, such as the collection of Eumorfopoulos (1863-1939) were also sold by Sotheby's in the early 20th century. Eumorfopoulos was one of the most important collectors of Chinese works of art in the 20th century. As Perceval Yetts pointed out in his paper,

Wherever Chinese art is valued, the name of George Eumorfopoulos has long been honored as that of a great collector and discerning critic. Contributing to this fame were his numerous loans to exhibitions and gifts to museums, the publication of his collection catalogue, and finally the purchase of his collection by the nation.¹⁰⁶

The contribution of Eumorfopoulos was not only highly regarded in fields of connoisseurship and scholarship, but also had an important impact on public museums through the sale of his collection to the British Museum and the Victoria

¹⁰³ Sotheby's, 1938. *Catalogue of the well-known & extensive collections of Chinese pottery, porcelain, glass, Canton enamels, snuff bottles, cloisonné, bronzes, soapstone, & fine old English furniture. The property of Stephen D. Winkworth, Esq.*, (26-29.01.1938).

¹⁰⁴ John Pope-Hennessy, 1933. “Forthcoming Sales”, *Burlington Magazine for Connoisseurs*, Vol. 72, No. 421, (Apr 1933), p.17.

¹⁰⁵ The Burlington Magazine for Connoisseurs, 1939. “April 20, old English glass transfer picture”, Sales, *The Burlington Magazine for Connoisseurs*, Vol. 74, No. 433, (04.1939), p.1

¹⁰⁶ W. Perceval Yetts, 1940. “George Eumorfopoulos”, *Journal of the Royal Asiatic Society of Great Britain and Ireland*, Cambridge: Cambridge University Press, No. 2, (04.1940), p.253.

and Albert Museum at a low price, which gained much publicity at the time. The British Museum announced the acquisition of the collection of Eumorfopoulos in 1935,

The collection was offered for sale by private treaty to the British Museum for the sum of £100,000-a price which...In effect, the offering of the collection at so modest a price amounted to a very generous gift to the nation. There was no hesitation in the minds of the Trustees in deciding that this opportunity of acquiring the most famous collection of Chinese art that has ever been made outside of China or Japan, an opportunity which would never occur again, was not to be allowed to slip....¹⁰⁷

The importance of the collection was not only due to the highly distinguished objects brought together by the collector, but also reflected the tastes of society and the art market. As *The Times* elaborated,

With the British Art in industry exhibition just about to open, it is well to realize the constant effect of the museums. A man who has never seen a Chinese work of art may have prettier paper on his wall or a less ugly cup and saucer for his tea because in Bloomsbury, in South Kensington, or elsewhere, there are priceless things of exquisite beauty by which designers and students may enrich the refine their invention.¹⁰⁸

Later collections of Eumorfopoulos came onto market after his death in 1939, and Sotheby's was the auction house selected to sell his collection in 1940. Sotheby's announced on the 6th May 1940 that they had been instructed by Mrs. Eumorfopoulos and the executors to sell the collection of Chinese, Near Eastern and European works of art formed by the late Mr. George Eumorfopoulos, in the same year. Sotheby's would arrange a minimum of four sales for the collection of Eumorfopoulos. The first sale was Chinese ceramics and works of art, which

¹⁰⁷ The British Museum Quarterly, 1935. "The Eumorfopoulos Collection", *The British Museum Quarterly*, Vol.9, No.3, (02.1935), p.86.

¹⁰⁸ The Times, 1936. "The Eumorfopoulos Collection", *The Times*, (02.01.1935), p.11.

occupied four days.¹⁰⁹ Sotheby's further emphasized the importance of the collection of Eumorfopoulos by addressing the previous acquisition from the collection by major museums:

It will be recalled that in 1935 the later collector allowed the greater part of his collection to be bought for the British and the Victoria and Albert Museums at a price much below its market value. Nevertheless the sales at Sotheby's will prove to be the most important of their kind held in recent years.¹¹⁰

These sales focused much public attention on the importance of rare collectible objects from the East, which emphasized the significance of Sotheby's Chinese department in the art market at that time. The media widely reported the result of the sale, which was a crowded affair. The total realized for the 118 lots offered was £6,394. The top price £520 was given by Sparks for the Jun Yao dish of the Song dynasty.¹¹¹ International antique buyers gathered in London to compete in the sale. The Japanese firm Yamanaka was one of the international Chinese art buyers bidding on the sale of Eumorfopoulos in 1940. Hermann pointed out that "Mr. Ino out-bid the London dealers on many pieces".¹¹² Japanese and other international buyers were still very active in the art market while the British Rail Pension Fund was operating the investment. The sale of the Chinese collection of Eumorfopoulos not only assisted Sotheby's in terms of turnover, but also established its reputation in Chinese art circles.

¹⁰⁹ Sotheby's, 1940. *The Celebrated Collection of Chinese Ceramics, Bronzes, Gold Ornaments, Lacquer, Jade, Glass and Works of Art Formed by the Late George Eumorfopoulos Esq.*, Sotheby's, (28-31.05.1940).

¹¹⁰ The Times, 1940. "The sale Room-more Eumorfopoulos Treasures", *The Times*, (05.03.1940), p.6.

¹¹¹ The Times, 1940. "The Sale Room", *The Times*, (30.05.1940), p.4.

¹¹² Herrmann 1980:312.

The collections Winkworth and Eumorfopoulos mentioned above were the only two examples of important single collections of Chinese works of art sold by Sotheby's in the early 20th century. Many other noticeable sales contained Chinese works of art, such as the collections of Dr. George P. Crofts (1871-1925), Charles Russell (1864-1926), Wu Lai tse (c.1870-1950) and many others, each of which expanded the market of Chinese art. After 1967, departments in Sotheby's became more specific and concentrated, the department of Chinese art was no longer a sub-category of the department of works of art, but an individual independent unit specializing in Chinese porcelain, bronze, paintings and other forms of artwork from China.¹¹³ The development of Sotheby's and its Chinese works of art department was not only important to the operation of the British Rail Pension Fund's investment in art, but also reflected the development and shift of the art market and collecting tastes.

International development related to the Chinese art market was another important milestone accomplished by Sotheby's in the 20th century. Moreover, the international demand for various works of art worldwide was one of the most important factors influencing the British Rail Pension Fund's decision to invest in art. The rapid development of Sotheby's Chinese department in the early half of the 20th century indicated its expertise and domination in the art market. As the official archive of the British Rail Pension Fund stated, Thompson explained the important expansion of Chinese art in the current art market and persuaded British

¹¹³ Ibid: p.336.

Rail to allocate financial capital to purchase Chinese art.¹¹⁴ As result, the British Rail Pension Fund started to purchase Chinese works of art from 1974 to 1980 with assistance from Thompson and other dealers, which occupied 10% of the total investment in art, and which will be discussed in detail in the next chapter.

As Herrmann pointed out, the increasing demand for Oriental art stimulated major auction houses' expansion into Asia, and Sotheby's expansion started with Southeast Asian countries during the early 1960s with Thompson as the key person. An interior decorator approached Sotheby's about holding occasional sales of Chinese porcelain and antiquities in Hong Kong in 1973.¹¹⁵ Thompson set up the first sale in November 1973, including Chinese ceramics and works of art. Other major competitors were behind Sotheby's in expanding into Asia. Sotheby's became the first international auction house ever to hold sales in Hong Kong, while Christie's did not hold their first sale there until 1986.¹¹⁶ As Norman reported on 17th November 1973,

The sale was sensational success, they had rare and desirable Chinese ceramics and works of art on offer and the prices were startling...a second Hong Kong sale devoted to Chinese school paintings of the nineteenth century also brought extraordinary prices for a more minor art form.¹¹⁷

The expansion of Sotheby's into Hong Kong certainly assisted the British Rail Pension Fund's investment in Chinese works of art. Under the guidance of

¹¹⁴ Archive of Art Investment: AN 198/2, (29.11.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

¹¹⁵ Herrmann 1980:419.

¹¹⁶ Rosemary Scott, 2016. "A Year of Celebrations Christie's 250th and 30th Anniversaries", *Arts of Asia*, July-August, p. 118.

¹¹⁷ Geraldine Norman, 1973. "Early Ming Bowl Fetches £190,000 at Sotheby's Sale in Hong Kong", *The Times*, (01.11.1973), p.16

Sotheby's, the British Rail Pension Fund held one of the sales of the Chinese works of art in Hong Kong in May 1989, and highlights of the London sale were also shipped to Hong Kong for viewing. Increasing demand in East Asia was a key consideration for the British Rail Pension Fund while devising the structure of the art investment.

(iii) The Times-Sotheby's Index

Largest annual turnover and size, compared with other major auction houses in the second half of 20th century, was not the only comparative advantage that Sotheby's had during this period. Sotheby's involvement in the establishment of the first 'Art Index' had also been noted as being a pioneering moment in art investment research. This important contribution of Sotheby's in the field of art investment was formed in collaboration with *The Times*. The *Times-Sotheby's Index* was considered as the first 'Art Index' produced by a mathematician for public viewing. The *Times-Sotheby's Index* played a pivotal role while the British Rail Pension Fund was devising the structure of the investment. It was also used as a significant managerial tool when the British Rail Pension Fund made its annual evaluation of the performance of the investment, both in terms of statistical data and methodology. As the official archive indicates, data from Gerald Reitlinger's books¹¹⁸ was used to calculate the potential growth of the art market and of each individual field. Reitlinger's book also contributed to the research of the *Times-Sotheby's Index*, which was used to calculate the movement of the art market from 1951 to 1967.

Although the data was subjectively selected by Reitlinger, the records were important for the overall study of the art market and analysis of individual artists.

¹¹⁸ Reitlinger published a three set volume called "The Economics of Taste" from 1961 to 1970, which contains a large amount of data of the auction price in public auction in different fields art.

These facts have been useful for scholars to apply to models and theories in later studies. The *Times-Sotheby's Index* considered that empirical and systematic analysis could be applied to these data for further research into the pattern of development of the art market. Therefore, data from these three books became one of the primary resources to establish the index, as well as the research into the art market conducted by Sotheby's and the British Rail Pension Fund after 1974. The purpose of establishing this Index was to understand the mechanism behind the rapidly increasing value of works of art after World War Two. Therefore, Mrs. Geraldine Norman (formerly Keen) was hired by *The Times* as editorial statistician in 1962, latterly responsible for producing the *Times-Sotheby's Index*, representing *The Times* side of the project¹¹⁹ in 1967. As a trained mathematician graduated from Oxford University, She attended the University of California to study statistics as a post-graduate.¹²⁰ Norman elaborated her idea of the creating the Index in her book,

One painting is more desirable than another painting in the market terms were mysterious and fascinating, as also were the reasons for one field being more fashionable among collectors than another. It is this that led me to try and set out in book how the considerations of art history, decorative appeal, availability collecting traditions, and the structure of the international market combine to determine a market price for priceless works of art.¹²¹

Increasing prices in the art market certainly attracted much attention from the market. However, there was no existing measure of market trends available to explain these movements in price. Although there had been several attempts

¹¹⁹ Geraldine Keen, 1971. *The Sale of Works of Art-a Study Based on the Times-Sotheby's Index*, London: Nelson, p.13

¹²⁰ Ibid: introduction.

¹²¹ Ibid.

performed in different countries to consider art as an investment option, most of these attempts remained confidential while in operation and did not release any information to the public after termination. Therefore, lack of information regarding the art market certainly formed a barrier for new investors to enter the market. In order to fill this gap, *The Times* and Sotheby's decided to combine forces in 1967 to compile an index by which the changes in art prices could be measured in much the same way as The Financial Times Index or the Dow Jones Average measure changing price levels on the stock market. The aim was to deduce the extent to which prices had changed on average in various different fields of the art market.¹²² Therefore, the idea of forming the index was borrowed from established financial indexes, but using a different model.

The first index launched on 25th November 1967, which included a comparative analysis of Impressionist paintings and other major indices. *The Times* announced the launch one day prior,

The massive upward trend in art prices is the subject of the front page article in *The Times Saturday Review* published tomorrow. *The Times* has joined forces with Sotheby's to chart an index of art prices from 1951 to 1967. And tomorrow's article will show that the index for impressionist paintings has increased by more than nine times during this period.¹²³

The first index indicated both general trends in the impressionist market based on selected data and individual trends for selected representative painters. As Norman mentioned in her book, the method of compilation was based on the work of six artists: Monet, Renoir, Sisley, Pissarro, Fantin-Latour and Boudin. As stated in the

¹²² Ibid: p.242.

¹²³ The Times, 1967. "Sunday Review", *The Times*, (24.11.1967), p.1.

research, the aim was to choose a number of artists representative of the movement as a whole and whose paintings appeared regularly enough in the saleroom to provide a basis for computation. Monet and Renoir were considered as the greatest figures of the movement, and Pissarro and Sisley were also famous by their contribution to landscape paintings. However, Fantin-Latour and Boudin were considered as lesser figures, forerunners and companions of the impressionists.¹²⁴ *The Times* further explained the Index is based on the movement of these equivalent 'average' prices from year to year. The six indices established in this way were combined into an overall index giving the movement of each artist's prices greater or lesser importance according to the number of his paintings sold during the year.¹²⁵ It is clear that the parameter of the data selected by the *Times-Sotheby's Index* was comparatively subjective and narrow.

Other indices took the same approach, including an overall trend, individual trend for selected artist or genre, and comparison with other major financial indices. Due to the infrequent appearance of artworks in the fields of old master pictures, old master drawings and English pictures of the eighteenth and nineteenth centuries, indices were constructed to evaluate the performance and trend of each field by school rather by artist. The limited number of artworks sold in the market from 1951 to 1967 produced insufficient data, which reduced the possibility of making an index for selected individual artists. Old master prints and twentieth century paintings were frequently traded within the western art market,

¹²⁴ Keen 1971:243.

¹²⁵ Geraldine Keen, 1967. "Times-Sotheby's Index", *The Times Saturday Review*, (25.11.1967), p.17.

which enabled the *Times-Sotheby's Index* to produce individual analyses for such artists.¹²⁶ Other indices within the category of works of art were produced based on material, period of creation and style. Indices were published monthly by *The Times Saturday Review* from 1967, and terminated in 1971. The contents covered by the index included old master prints, English Silver, old and modern books, English glass, old master pictures, twentieth century paintings, French furniture, English pictures of the eighteenth and nineteenth centuries, Oriental ceramics, old master drawings, and English porcelain.¹²⁷ It is possible to observe that many similarities were shared between the categorization of the *Times-Sotheby's Index* and the departments of Sotheby's. Furthermore, it was a reflection of the major art market, as well as the taste of collecting in that period, responding to the market. The British Rail Pension Fund certainly inherited some aspects of the categorization of the *Times-Sotheby's Index*, and the development in the structure of the British Rail Pension Fund's art investment will be discussed in detail in the next chapter.

Even though Chinese art was still considered within the general category of oriental art at the art market at the time, the *Times-Sotheby's Index* produced a microanalysis of the Chinese art market, especially for Chinese ceramics. Moreover, it was the only non-Western art analyzed by the *Times-Sotheby's Index*. The first index about Chinese art was published in September 1968, specializing in Chinese porcelain. The article included charts revealing the trends of different

¹²⁶ Keen 1971:246-9.

¹²⁷ Ibid: p.242.

genres of porcelain made in different periods, which was divided into Tang figures, Song wares, Ming wares, and famille verte wares.¹²⁸ Assumedly these categorizations of Chinese porcelain represented the major sector of porcelain trading in auction houses during that period. It is easy to observe the difference in the major trading in Chinese art between 1967 and 1980 (end of the acquisition stage) if we consider the investment in Chinese works of art of the British Rail Pension Fund as representative of the market taste as determined by Sotheby's. The biggest change in the collection of Chinese works of art of the British Rail Pension compared with the market taste in 1967 was the increasing number of Qing porcelain auctions in the market. The British Rail Pension Fund still held a comparatively rich collection of Ming and Song wares, but the total number of Tang figures were reduced, yet the horse (fig.1) sold for a record price in 1989. Another important piece of information published in the *Times-Sotheby's Index* was the comparison between Chinese porcelain and other fields of artworks and major financial indices. Compared with other fields of artworks, the increase in the price of Chinese art overran modern books, English glass, old master paintings, English silver, English pictures, antiquarian books, impressionists, and modern paintings. The only category that had a higher growth rate than Chinese art on the western art market, in terms of financial value from 1951 to 1967, was old master prints, which rose 18-fold.¹²⁹ According to the index, the performance of Chinese art was very impressive during this period; early Ming items realized 29 times their 1950 value, while Tang ware fetched 23 times more than they did in 1951.

¹²⁸ Geraldine Keen, 1968. "Ming Delights the Intellectuals", *The Times*, (03.09.1968), p.17.

¹²⁹ Ibid: p.17.

However famille verte and Song ware multiplied in price only by five to six times over 16 years. The *Times-Sotheby's Index* combined these contrasting trends, which resulted in a 15-fold aggregate increase in value for Chinese ceramics as a whole.¹³⁰ Even though the detail of the computational methodology was not revealed for Chinese art, many sale records were provided to support its conclusion. However, bias exists within the subjective selection of the representative genres of Chinese works of art. Since data gathered from 1951 to 1967 did not cover every single sale in all auction houses, the conclusions of the trend only represented a part of the art market.

The Second *Times-Sotheby's Index* of Chinese art, published on 6th September 1969, indicated a dramatic increase in the price of Tang wares. According to the data published in 1968, Tang ware was the second best performing art genre in the field of Chinese works of art, but *The Times-Sotheby's Index* showed the value of Tang figures more than doubling between 1967 and 1969, which indicates that they were on average 60 times more expensive than in the early 1950s.¹³¹ Leaving aside the burial usage of many Tang figures, these expensive polo players and horse riders were still considered as essentially a decorative taste in the view of the *Times-Sotheby's Index*. These figures were mainly used to complete the modern décor, with modern furniture, twentieth century paintings and perhaps some primitive sculpture.¹³² The long tradition of

¹³⁰ Ibid.

¹³¹ Geraldine Norman, 1969. "Value of Chinese Porcelain", *The Times*, (06.091969), p.21.

¹³² Ibid.

Tang ware certainly influenced the idea of collecting Chinese works of art, and as mentioned above, the most famous piece collected by the British Rail Pension Fund in the field of Chinese works of art was a Tang horse bought from the London based dealer Giuseppe Eskenazi (1939-). On the other hand, the taste for Ming porcelain was a reflection of scholarly reappraisal. Many important sales of Ming wares appeared on the market during this period to support the growth in their value in the 1960s. Christie's sold an early fifteenth century blue and white dish with lotus for £3,360 in October 1968. Compared with the price of the same dish in 1964, the cost had increased by over £2,000 over four years. Other fields of Chinese art also increased during this period but at a more modest rate. Song and Qing ware showed comparatively lower growth rates, because the market did not respond so well to those sales. However, Qing ware became the most important component of the collection of the British Rail Pension Fund, and many outstanding imperial pieces were collected by the fund.

The Times described *the Times-Sotheby's Index* as a work of scholarly research¹³³ conducted by professionals who had many years of experience in observing the movement of the art market. However, it is obvious to determine that the Index not only targeted professional readers such as dealers, collectors and museum curators, but also tried to educate the public by broadening common knowledge of the mechanisms of the art market. It often gave information about the particular field of works of art, including aspects of general historical background, the history of art, and history of collecting. The first index published

¹³³ Keen 1968:17

on Chinese art in 1968 consisted of general background information about Chinese porcelain in terms of collecting behaviour:

Chinese ceramics are a far more international market than either British or European porcelain. In addition to Britain and the United States, they are collected most avidly in Japan and other parts of Asia. But there are keen markets in Portugal, France, and Scandinavia.¹³⁴

To explain the sudden increase of attention on Tang ware toward the end of 1969 and the drop of overall price in 1970, The index explained that auction prices tend to be irregular, and thus it is perfectly possible for twice as much to be paid in one sale as in another, for similar objects. The index averages these variations over year. Precision of measurement is impossible and the figures in the accompanying table should be considered as rough orders of magnitude.¹³⁵ However, the index did not elaborate specifically on the reason of the movement of the art market, nor the connection with other major financial sector and global economy. Even though the limitations of the index were obvious, it still revealed much of interest to the public. The increasing value of artworks in various fields certainly gave confidence to collectors and dealers who became more active in trading works of art. Moreover, the index attracted much public attention onto the art market, as information about sales of auction houses was revealed to the public.

Collecting behaviour and the price movement of the art market were never heavily emphasized in the mainstream media before *the Times-Sotheby's Index*. The contribution of the index also influenced other social activities. *The Times-*

¹³⁴ Ibid.

¹³⁵ Geraldine Norman, 1970. "Fall in Chinese Ceramics", *The Times Saturday Review*, (05.09.1970), p.9

Sotheby's Index made a suggestion before Christmas in 1968, suggesting gifts to the international collector under the general gifts column.¹³⁶ Due to the recent trading activities in old master prints, the then-current price compared with that achieved in 1951 made it an ideal gift idea to collectors. *The Times-Sotheby* made the suggestion again in December 1968, stressing that English silver should be paid attention to.¹³⁷ However, the index was not entirely focused on art as an alternative investment option. The idea of purchasing art for aesthetic reasons was still strongly emphasized by the writer. Norman very carefully addressed her opinion about the connection between collecting art and investing in art. Many responses to the idea of art investment were published in *The Times*. Mr. Ian Harris asserted in his letter that,

It is pity that certain buyers see nothing in antiques beyond their investment value, and I agree that this type of buyer came to the fore in the two years following out devaluation. But collectors have always been interested in resale value. If only because most of them try to improve their collections by judicious buying and selling. In this case, surely *The Times* has the right, if not the duty to keep its readers informed of price movements in the field of antiques, in which so many of them are interested.¹³⁸

Mr. Alan Jacobs also addressed this point, stating that:

The Index is to be welcomed by many art dealers and their clients as another significant element to be taken into account in the already fascinating exercise of weighting aesthetic values in terms of financial factor which constitute today's market valuation of an individual work of art.¹³⁹

¹³⁶ Geraldine Norman, 1968. "Suggestions", *The Times*, (12.11.1968), p.15.

¹³⁷ Ibid.

¹³⁸ Ian Harris, 1971. "Value of Works of Art", *The Times*, (05.11.1971), p.15

¹³⁹ Alan Jacobs, 1971. "Value of Works of Art", *The Times*, (01.11.1971), p.15

Another letter from a reader was published in 1968 after the launch of the *Times-Sotheby's Index*. James R. De La Mare addressed the *Times-Sotheby's Index*, exclaiming that stating that a Raphael is less a masterpiece than a 'hedge against inflation' deserves the choler of your correspondent and perhaps shames us all.¹⁴⁰

The idea of art as a tool for investment was always controversial. Much criticism was received from the public while the *Times-Sotheby's Index* was active. This was also the main problem faced by the British Rail Pension Fund while operating the investment of works of art. Ironically, Geraldine Norman who acted as the saleroom correspondent of *The Times* was the main person criticizing the operation, which will be discussed in detail in Chapter five. It was interesting to observe that Norman's work in creating the index was an important contribution to research in art as investment up until the present day, even though this was probably not the intention of Norman. Much research has been built on the foundation of the *Times-Sotheby's Index*. The results and methodology of the index were used and discussed by investors and scholars in the art market, and Sotheby's and the British Rail Pension Fund were two of the institutions that benefited from the work. The most important argument was not about the relationship between financial return and true value of artworks, but associated with the purchase intention in the art market. The *Times-Sotheby's Index* proved that the financial benefit received from an outstanding collection over a certain period of time was unquestionable. However, many people disliked the idea of treating art as an asset

¹⁴⁰ J. R. de la Mare, 1968. "The Times-Sotheby's Index 1968", *The Times*, (25.10.1968), p.11

only, or seeking financial return as the priority of collecting behaviour. The British Rail Pension Fund was the first institutional follower of the idea of art as investment. This behaviour contradicted the traditional view of the relationship between art and collecting.

With the need to invest capital into a profitable field to secure future returns in a depressed economic environment, the British Rail Pension Fund selected the art market as an alternative vehicle. The effectiveness of this selection was already proven by research such as the *Times-Sotheby's Index*, which included the Chinese art market, and the British Rail Pension Fund certainly noticed these data and the analyses provided in such research. Sotheby's was not only the top auctioneer at that time, but was the most influential in the Chinese art market, especially in Asian regions, and more experienced in the research of aspects of art investment through its collaboration with the *Times-Sotheby's Index*. Therefore, these combined factors influenced the initial motivation to invest in art market, especially in the field of Chinese art. Moreover, they shaped the construction and the operation of the art investment of the British Rail Pension Fund, which will be discussed in detail in chapter three.

Chapter Three: How did the British Rail Pension Fund operate the art investment and the collection of Chinese works of art?

As discussed in the previous chapter, the risk of inflation was the most significant reason for the British Rail Pension Fund to invest outside of traditional categories. This chapter will investigate the structure of the investment to show how the British Rail Pension Fund managed its art investment program and the Chinese art portfolio in this extremely volatile economic environment. Using textual evidence from the 2012 released official archive of the British Rail Pension Fund's investment in works of art, the archive of the British Railways Board and the archive of the British Rail Pension Fund, the historical operation of the investment will be reconstructed. These archives are not solely focused on the Chinese art portfolio, but recorded operational detail of the whole investment. Therefore, it is equally significant to understand the general structure of the operation in order to further discuss the Chinese art portfolio. Interviews of the chairman of the British Rail Pension Fund's art investment project, the manager of the managerial company, and the director of Sotheby's have also been conducted regarding issues of operation during this period, to support the reconstruction.

The significance of Sotheby's and the identity of the British Rail Pension Fund have been discussed in the previous chapter, thus this chapter will focus on the operation of this art investment program under the collaboration between these

two parties. This chapter is divided into several parts in chronological order: the preparation of the investment in 1974, operation of the Works of Art Sub-Committee, the managerial company, the collaboration with Sotheby's from 1974 to 1980, and the termination of the Chinese art portfolio in 1989. The exhibition of Chinese art from 1980 to 1989 will be discussed in chapter five. It is believed that reconstructing the history of the operation from 1974 to 1980, and the sales of 1989, will allow this chapter to investigate the question of how the British Rail Pension Fund operated its investment in Chinese art. This chapter is the first research based on the newly released archive not only covering the Chinese art portfolio of the British Rail Pension Fund, but also the whole art investment program.

1. Preparation of the Board of the British Rail Pension Fund 1974

Due to the difficulties encountered by the British Railways Board, it was urgent for the British Rail Pension Fund to investigate a new area of investment to hedge the risk of inflation. The first realization of these difficulties in the economy was in early 1974, when the British Railways Board stated in a board meeting,

It was emphasized that a number of major factors likely to affect financial performance in 1974 had arisen since the budget had been prepared. Assumptions in the budget about the national economy were already invalid, and uncertainty would remain on those made about the effect of Stage III of the government's counter inflation policy until the applications which were being made to the price commission and the pay board had been settled. Additionally the effects of industrial disputes, the energy crisis, pay restructuring and threshold agreements were not reflected in the budget.¹⁴¹

Due to inflation, the British Rail Pension Fund decided that two funds should invest in additional areas such as works of art.¹⁴² It is worth noticing that works of art were not the only long-term investment options in 1974, as discussed in the previous chapter.

The investment committees of the two pension funds began considering investing in works of art at their meeting in May 1974. Both funds agreed to recommend to the Trustees that a portfolio consisting of works of art should be established. To achieve the required long-term objective, 6% of annual cash flow

¹⁴¹ British Railways Board, AN 167/40, (14.02.1974), The National Archives Kew Garden, Meeting minutes: British Railways Board.

¹⁴² Archive of the Trustees of the Funds, AN192/468, (12.12.1974), The National Archives Kew Garden, Meeting minutes: the Trustee of the funds.

of these two funds was allocated to the art market in order to establish an attractive and balanced portfolio of artwork. The diversification of the overall portfolios aimed to give reasonable prospects for long-term capital appreciation, at least equal to inflation. After approval by the Trustees and the Investment Committee of the British Rail Pension Fund, it was agreed that the operational procedure should be controlled by a newly appointed investment committee, the Works of Art Sub-Committee.

2. Structure of the investment 1973-1980

(i) The Works of Art Sub-Committee

The Works of Art Sub-Committee (Sub-Committee) played a pivotal role in the art investment during both acquisition and exhibition periods. In order to operate the portfolio of the investment in works of art, the Investment Committee of the British Rail Pension Fund divided a group of directors from different sectors to form a new sub-section called the Works of Art Sub-Committee, which was lead by Mr. Chris Lewin the controller of corporate pensions. As recorded in the archive, the responsibility for investment in works of art was delegated to the Sub-Committee by the Investment Committees of the B.R. Superannuation Fund and Wages Grades Pension Fund, with the agreement of the British Railways Board as Trustees.¹⁴³ The four participants representing British Rail Pension Fund in the Sub-Committee were C.G. Lewin, A.C. Brooking (n.d.), S.F. Cox (n.d.) and G.R. Hill (n.d.). The process of electing members of the Works of Art Sub-Committee was unclear because of a lack of textual evidence in the archive. With Mr. Cox proposed and Mr. Hill seconding that Mr. Lewin was elected chairman of the Works of Art Investment Sub-Committee, the resolution was passed in the meeting on July 1974.¹⁴⁴ Membership of the Works of Art Sub-Committee has changed few times throughout the investment and Lewin played a pivotal role in the art investment until 1980. Managing the art investment portfolio was not the only

¹⁴³ Archive of Art Investment: AN 198/2, (25.07.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Investment Sub Committee.

¹⁴⁴ Ibid.

duty Lewin took during this period, he was also the director of Junction Nominees Limited, Network Nominees Limited and Railways Pension Investments Limited, and the controller of corporate pensions.¹⁴⁵ As the representative of the British Railways Board and two British Rail Pension Funds, the Works of Art Sub-Committee was required to report on the investment to the Trustees at February and August meetings each year. It was agreed that the necessary quorum for meetings was two members of the Sub-Committee, which many meeting agendas in the archive support.¹⁴⁶

The first significant feature constituting the structure of the operation was the investment duration, to which the British Rail Pension Fund paid much attention in the beginning, while crafting regulations and defining the purpose of the investment in works of art. A letter from the chief accountant J.J. McLachlan (n.d.) to the corporate pensions controller C.G. Lewis in 1974 August 30th stated that almost any form of property can be acquired to be dealt in. Those forms of property such as commodities or manufactured articles, which are normally the subject of trading are only very exceptionally the subject of investment. He continued,

Property which does not yield to its owner an income or personal enjoyment merely by virtue of its ownership is more likely to have been acquired with the object of a deal than property that does. There was doubts that a Pension Fund could have pride of ownership or interest in the

¹⁴⁵ Archive of Art Investment: AN 198/6, (16.07.1975), The National Archives Kew Garden, Meeting minutes: Investment in works of art.

¹⁴⁶ Archive of Art Investment: AN 198/2, (25.07.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Investment Sub-Committee.

aesthetic value, but taken with long term investment, if the length of ownership is substantial the risk is worth taking.¹⁴⁷

McLachlan's suggestion emphasized the significance of the duration of the investment, which effectively reduced the risk of the operation.

As result, a long-term investment strategy was then considered by the British Rail Pension Fund. The advantage of long-term investment was not only that it could effectively avoid risk, but also that it could avoid a loss in profits in terms of taxation, as discussed in the previous chapter. The chief accountant suggested that,

Having held themselves out in this way it would seem to me extremely difficult, should the Inland Revenue claim that the Trustees were trading, that they could truly say that this amount of activity was without a view to an eventual profit arising from an adventure in the nature of a trade. The agreement should definitely stick to terms of expression such as investment rather than dealing.¹⁴⁸

Clearly, the British Railways Board wished to avoid the huge reduction in revenue from the effect of taxation. Moreover, Lewin mentioned in his letter in 1974 during the period of constructing the framework of investment that,

Mr. Howes, the taxation accountant and we agreed there was very little likelihood of any tax liability arising if the fund were to buy a portfolio of work of art, hold them for 20 years, and then sell them without re-investment, since this could hardly be regarded as a trading operation. However, if there were sales and re-investment of a significant number of items each year then the danger of the activities being regarded as trading increased and possibility of a charge to tax could not be ignore.¹⁴⁹

¹⁴⁷ Archive of Art Investment: AN 198/3, (30.08.1974), The National Archives Kew Garden, Letter.

¹⁴⁸ Ibid.

¹⁴⁹ Archive of Art Investment: AN 198/2, (20.06.1974), The National Archives Kew Garden, Letter: investment in works of art.

Therefore, a long-term investment strategy of 20 years was applied to the framework of the investment at the very beginning during the preparation. This period gave British Rail Pension Fund suitable time to not only purchase artworks, but also display the portfolio around world in major museums and fairs to attract much public attention, which directly increased the profit at termination.

The Works of Art Sub-Committee also had responsibility for monitoring the investment operated under the structure designed by the British Rail Pension Fund and Sotheby's, it was important that they had overall authority during the operation. One of the most important tasks of the Sub-Committee was to supervise and monitor the procedure of purchase decision-making during the acquisition stage, including the Chinese art portfolio, through a newly formed company called Lexbourne Limited. This framework of purchasing procedure was established in the early stage of the investment and was strictly obeyed by the managerial company. The meeting agenda on July 1974 indicates that the delegation of authority for individual purchases was discussed and decided,

Sotheby's British Rail Services Ltd.¹⁵⁰ Would be authorized to purchase any one item up to £10,000. Item cost between £10,000 to £20,000 will have to be authorized by the chairman of the Sub-Committee. And a purchase in excess of £20,000 will need authority from at least two member of the Sub-Committee.¹⁵¹

However, the Works of Art Sub-Committee's knowledge of both the history of art and the art market limited their ability to purchase art through the

¹⁵⁰ Unofficial name of the managerial company in the early stage.

¹⁵¹ Archive of Art Investment: AN 198/2, (25.07.1974), National Archives Kew Garden, Meeting minutes: Works of Art Investment Sub Committee.

managerial company independently, thus it was essential for Sotheby's to provide suitable assistance to make purchasing decisions, including suggesting a suitable purchase price. Within the framework of the procedure of acquisition, experts from Sotheby's would provide recommendations concerning items due to become available on the art market. Directors from Sotheby's would sift these recommendations and pass them to the manager of the managerial company together with maximum recommended bids. The manager would study the recommendations forwarded from Sotheby's and make personal modifications to the recommendations, with a maximum bid which could differ from that mentioned by Sotheby's.¹⁵² Many mismatches between the maximum bid of Sotheby's, the manager, and the final purchasing price appeared in the archive. It was important to note that this was a significant method of retaining the authority of the Sub-Committee and to protect the interests of the British Rail Pension Fund by ensuring that information about the final offer was confidential to all other parties, including Sotheby's. Sotheby's and the manager of Lexbourne Limited only assisted the Sub-Committee on potential acquisition of objects, but did not possess the right to make final purchase. This structure was one of the methods that British Rail Pension Fund used to prevent a conflict of interest, and it proved to be effective in the final sales in 1989.

As more experience was gained by the Sub-Committee during the operation, several modifications were made to the original purchasing procedure to

¹⁵² Ibid.

adapt it to the changing environment in the art market. A meeting agenda depicted a meeting held on June 1975 indicating that,

It was agreed in the future the chairman of the Sub-Committee will receive all submissions and the remaining members will receive only submission where the recommended bid are in excess of 20,000 pounds. In this way the member felt more attention could be paid to the important items.¹⁵³

This decision gave more power to Lewin the chairman of the Sub-Committee. The chairman also used his authority to give autonomy to the manager in the case of an unexpected event occurring during acquisition,

Where an item was recommended in advance of inspection and then subsequently found to be in better condition when inspected; this often resulted in last minute telephone calls to seek permission to raise the bid. Lewin proposed the manager be given the discretion to increase the agreed bid, in this situation only, up to a maximum of 20% increase. The Sub-Committee assented to this request in cases of non-Sotheby sales and overseas auction sales.¹⁵⁴

Taking the fluctuation on the Chinese art market as an example, bids on Chinese works of art experienced intensive competition during the acquisition stage, and this decision certainly assisted the British Rail Pension Fund in making winning bids in such a competitive environment. To gain further understanding of the art market, the Sub-Committee also emphasized that statistics were essential to aiding the Sub-Committee in arriving at initial policy decisions,¹⁵⁵ while several evaluations of the art market were produced afterward with Sotheby's assistance.

¹⁵³ Archive of Art Investment: AN 198/2, (17.06.1978), The National Archives Kew Garden, Meeting minutes: Works of Art Investment Sub Committee.

¹⁵⁴ Ibid.

¹⁵⁵ Archive of Art Investment: AN 198/2, (25.07.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Investment Sub-Committee.

Another major task of the Sub-Committee was to allocate resources to both pension funds. Since the New Section of the British Railways Superannuation Fund and the British Railways (Wages Grades) Pension Fund were both investing capital into the pool, each fund presumably held a balanced portfolio in each category of works of art. Lewin mentioned this demand in a meeting in September 1974 to the Sub-Committee and British Railways Board, but he also indicated the difficulties in such an operation as being unique features of that art investment.¹⁵⁶ It would be very difficult to divide a group of works of art into two parts because each individual artworks has its own specific features and value, and any separation of the portfolio could damage the integrity and aesthetic value of the group, which might reduce the financial return at termination. However, the British Rail Pension Fund still demanded the Sub-Committee divide the portfolio according to investment proportion. As a late archive indicated, the portfolio of Chinese works of art was divided into two uneven groups into the two funds, but it was difficult to examine the specific items in each fund due to limited textual evidence. In summary, the Works of Art Sub-Committee played a pivotal role in the art investment program, acting as the supervisor and decision maker on behalf of the British Rail Pension Fund. As Lewin explained in his letter to other members of the Sub-Committee in 1974,

The Investment Sub-Committee acts for the Investment Committee of the Trustees direct and represents the control of the investor over the investing agent. The Investment Sub-Committee reports to the Investment Committee of the Trustees and has no relationship with the investing agent other than the practical one of receiving on behalf of the Trustees the

¹⁵⁶ Archive of Art Investment: AN 198/2, (19.09.1974), The National Archives Kew Garden, Letter: to the British Railways Board.

advice provided by the investing agent and indicating to the investing agent the decisions reached.¹⁵⁷

The significant role of the Works of Art Sub-Committee maintained its pre-eminence throughout the acquisition stage of the investment, until it was disbanded in 1980 upon entering the exhibition stage of the collection of works of art.¹⁵⁸

¹⁵⁷ Archive of Art Investment: AN 198/2, (19.09.1974), The National Archives Kew Garden, Letter: the investment in works of art.

¹⁵⁸ Archive of Art Investment: AN 198/8, (25.06.1980), The National Archives Kew Garden, Meeting Minutes: future management arrangements.

(ii) The management company: Lexbourne Limited

After the official approval of the investment on 11th July 1974 by the British Rail Pension Fund, the controller of pensions discussed the possibility of establishing a company for managerial purposes. The reason to establish an advisory company was to overcome the difficulties such as a lack of knowledge of the works of art, art market and curatorship. Sotheby's was the biggest international auction house at the time and the British Rail Pension Funds Controller approached Sotheby's auction house to seek advice on investment in works of art. In order to initiate this project, the British Rail Pension Fund and Sotheby's decided to form a joint company originally called the Sotheby's British Rail Services Limited.¹⁵⁹ This company title first appeared on the agenda of a meeting arranged right after the approval on 2nd August 1974.¹⁶⁰ Initially the British Rail Pension Fund intended to set up a sole ownership managerial company instead of a firm co-owned by Sotheby's and the British Rail Pension Fund. However, this idea was revised after two meetings with other members of the Pension Corporate Controller, resulting in two directors representing Sotheby's and two representing the British Rail Pension Fund's Trustees. The two directors representing the Trustees were selected from the Works of Art Sub-Committee, who took account of any views which were expressed by the Investment

¹⁵⁹ Archive of Art Investment: AN 198/3, (21.8.1974), The National Archives Kew Garden, Draft agreement: between Sotheby's and Sotheby's British Rail Services Limited.

¹⁶⁰ Archive of Art Investment: AN 198/4, (02.08.1974), The National Archives Kew Garden, Meeting Minutes: Investment in works of art.

Committee of the British Rail Pension Fund or the Works of Art Sub-Committee.¹⁶¹

The British Rail Pension Fund constantly emphasized the significance of the Works of Art Sub-Committee's domination of the managerial company. Since the Chairman of the managerial company was appointed by the British Rail Pension Fund, there should be provision for the Chairman to have a casting vote so that the company was effectively under the control of the Fund.¹⁶² The final agreement signed by both parties in the end of 1974 indicated that the share of Sotheby's in the co-owned managerial company was 48% and the rest was owned by the British Rail Pension Fund. This early awareness of domination in the operation allowed British Rail Pension Fund to effectively monitor the operation of the managerial company and minimize conflicts of interests through the managerial company, which will be discussed later. The casting vote of the chairman was a significant method of controlling the investment, directly reflecting the Pension Fund's domination over the agreements, salaries, and bonuses of the employees of the managerial team. The initial proposal of the name list of directors from the British Rail Pension Fund was H.L. Farrimond (n.d.) as chairman, and Mr. A.V. Baker (n.d.).¹⁶³ An undated file of notification of change of directors of Lexbourne Limited in the archive, probably written during 1976,

¹⁶¹ Archive of Art Investment: AN 198/5, (19.3.1976), The National Archives Kew Garden, Letter: from legal adviser and chief secretary.

¹⁶² Archive of Art Investment: AN 198/3, (23.8.1974), The National Archives Kew Garden, Letter: from C.G. Lewin to Chief Solicitor.

¹⁶³ Archive of Art Investment: AN 198/3, (1974), The National Archives Kew Garden, Meeting minutes :Investment in works of art.

stated that, John Barclay Watts (n.d.) and Christopher Lewin were appointed directors of the managerial company,¹⁶⁴ replacing the original team. The directors of the company were re-nominated few times due to the circumstances of availability during the operation period. On 10th October 1974 the Trustees, which is the British Railways Board, approved the setting up of a management company, which would be responsible for recommending purchases and sales on the basis of expert advice received from Sotheby's.¹⁶⁵

Publicity of the managerial company was another issue concerning the British Railways Board after finalizing the proposal. This concern was clearly reflected in the name selection of the managerial company in 1974. This was because the managerial company was named as the Sotheby's British Rail Services Limited,¹⁶⁶ which directly exposed the name of the two owners of the company to the public. Originally this title was selected intentionally, in order to increase the involvement of both parties. A letter exchanged between members of the British Rail Pension Fund's Board on 16th August 1974 indicated that,

The proposed name of the company (Sotheby's British Rail Services Ltd.) incorporates the name of Sotheby's and this helps to emphasize that the firm reputation is at stake. The important thing is that we shall have effective director control.¹⁶⁷

¹⁶⁴ Archive of Art Investment: AN 198/5, undated, The National Archives Kew Garden, Letter: notification of change of directors or secretary or in their particulars.

¹⁶⁵ Archive of Art Investment: AN 198/5, (29.12.1975), The National Archives Kew Garden, Memorandum: to the trustees of the two funds.

¹⁶⁶ Archive of Art Investment: AN 198/5, (11.10.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

¹⁶⁷ Archive of Art Investment: AN 198/3, (16.08.1974), The National Archives Kew Garden, Letter: investment in Works of Art.

However, concerns were raised by the Board that such publication might attract unnecessary attention, which contradicted the confidential issue while investing in works of art. On February 18th 1976 the Board further elaborated on its concern about publicity when registering with Company Registrars:

It was likely that the creation of this company and name of directors, etc. would be picked up by the press. It is the British Rail corporate view of avoiding publicity on this matter. It is necessary to set out the organizational arrangements which should be available if questions are asked at the Press office.¹⁶⁸

The Sub-Committee fully noticed that the potential risk of exposure of the identity of British Rail Pension Fund and its intention of art investment could damage the result of the project. As indicated in a letter circulated among directors in early 1975,

Both investment committees decided to recommend to the Trustees that the restraint on purchases of high values or major interest should be lifted to avoid the risk of lost opportunities at the next round of major auction sales. The bidding and payment procedure has been tightened up, so as to reduce to a minimum the likelihood of information about specific purchases by our funds becoming known to the press.¹⁶⁹

It was then decided, neither the company nor the action taken by the company was to be exposed to the press during the acquisition stage. The assumption of using Sotheby's British Rail Service Limited as the name of the management company was certainly to increase the involvement of Sotheby's. Obviously, there was also an advantage in retaining the name British Rail in the title of the company since the corporate pension controller did not wish to give the impression that the

¹⁶⁸ Archive of Art Investment: AN 198/5, (21.02.1976), The National Archives Kew Garden, Letter: Investment in Works of Art

¹⁶⁹ Archive of Art Investment: AN 198/5, (21.02.1975), The National Archives Kew Garden, Letter: Works of Art.

company may also be used by other investors.¹⁷⁰ However, in spite of exposing the operation and partnership, using the name of British Rail was also very controversial according to the archive, because the money invested was from the British Rail Pension Funds. Increasing public awareness of the investment would certainly increase competition in the auction house and private market at the acquisition stage. It attracted criticism from various spheres, such as the rightful usage of the fund's money and conflict of interests. The difficulties caused by the publicity of the investment will be reviewed in chapter five.

The earliest paperwork in the archive indicating the naming process was a letter from the Pension Controller to the British Railways Board on 4th October of 1974, as Lewin mentioned,

You asked me to submit a list of names for the subsidiary company and this is attached...I should mention that Sotheby's would prefer the name Sotheby's and British Railways to be incorporated, since they feel that this would be much more straight-forward.¹⁷¹

As Lewin mentioned above, an attached list of suggestions of naming the company was produced for the Board's consideration. These names included a handwritten copy with several corrections and a typed list of names, including

Sotheby's British Rail Services Ltd., Sotheby's British Rail Pension Fund Services Ltd., Sotheby's Railway Pension Service Ltd., Sotheby's – B.R.B.¹⁷² Pension Services Ltd., Sotheby's Railway Services Ltd., Fine Art Services Ltd.¹⁷³

¹⁷⁰ Archive of Art Investment: AN 198/3, (19.09.1974), The National Archives Kew Garden, Letter: Investment in works of art.

¹⁷¹ Archive of Art Investment: AN 198/3, (04.10.1974), The National Archives Kew Garden, Letter from Chris Lewin to British Railways' Chair.

¹⁷² Abbreviation for British Railways Board.

¹⁷³ Archive of Art Investment: AN 198/3, (04.10.1974), The National Archives Kew Garden, Letter from Chris Lewin to British Railways' Chair.

These names directly served the initial purpose of indicating the function of the company well. However, the Board declined this purpose in later response to Lewin, probably because of the consideration of potential attention from the public. With the help of the solicitor Herbert Smith & Co, another four suggested names for the new company were submitted to the Chief Solicitor of the British Railways Board, for review in November 1974,

We confirmed that companies House have declined approval for the name. We have therefore submitted the four following alternative names for acceptance: Long Term Art Investments Limited, Collectors Services Limited, Investors Choice Limited, Parthenon Investments Limited.¹⁷⁴

Another four more names were suggested a month later.¹⁷⁵

The name of Lexbourne Limited first appeared in a letter on January 1975 from Lewin to the chief solicitor in a typed and a handwritten copy,

I have heard from Mr. Pollen of Sotheby's that if a new company is to be formed, the name Long Term Investments Ltd. would be acceptable to the Board of Trade and Sotheby's. From our point of view, however, I wonder whether, in the light of publicity, the name reveals too much about the function of the company.... As an alternative, I wonder whether it might be preferable to use a stock company which Herbert Smith & Co. have available known as Lexbourne Ltd.¹⁷⁶

After abandoning names suggested by Herbert Smith, the British Railways board decided to use an existing company, Lexbourne Limited, to manage the investment

¹⁷⁴ Archive of Art Investment: AN 198/4, (28.11.1974), The National Archives Kew Garden, Letter from Herbert Smith & Co.

¹⁷⁵ Archive of Art Investment: AN 198/4, (04.12.1974), The National Archives Kew Garden, Letter from Chris Lewin.

¹⁷⁶ Archive of Art Investment: AN 198/4, (08.01.1975), The National Archives Kew Garden, Letter from Chris Lewin.

of works of art.¹⁷⁷ The benefits of using an existing company were obvious. It could avoid the process of registering a new company and reporting to the company control (Companies House), which effectively avoided public attention. The archive further recorded that “Lexbourne Limited which is an existing company incorporated on 3rd January 1974. However, Lexbourne Limited can only act in accordance with its existing objects which are basically to carry on business as property dealers.”¹⁷⁸ Art was considered as a kind of property by the British Rail Pension Fund at the time, using the existing company Lexbourne Limited did not form barriers for the investment in works of art.

It is interesting to view this structure of the art investment, since it would have been much more straightforward to directly hire Sotheby’s as the managerial company rather than to form a new one for the investment. Direct incorporation could have saved resources in labour and cost, and been more efficient, but would have increased the possibility of potential conflicts of interest. As a letter from the chief legal adviser pointed out,

The purpose in setting up this company at all was to get advice as independently of Sotheby’s as possible because of Sotheby’s own direct interest in selling works of art. It follows that the more closely the company is associated with Sotheby’s, and Sotheby’s own people and professional advisers, the worse served are the Board’s objects.¹⁷⁹

¹⁷⁷ Archive of Art Investment: AN 198/5, (22.09.1975), The National Archives Kew Garden, Letter: investment in Works of Art.

¹⁷⁸ Archive of Art Investment: AN 198/5, (01.10.1975), The National Archives Kew Garden, Letter: investment in Works of Art.

¹⁷⁹ Archive of Art Investment: AN 198/5, (09.04.1976), The National Archives Kew Garden, Letter from chief legal adviser.

Obviously the British Rail Pension Fund was seeking independence in this collaboration because Sotheby's was the advisor for purchase and selling. The management company Lexbourne limited was the most important barrier intentionally established by the British Railways Board to emphasize its independence from Sotheby's. The British Rail Pension Fund understood the importance of preventing conflicts of interest, and any outflow of information could possibly increase competition in auction houses, which conflicted with the interest of the British Rail Pension Fund to maximize the financial outcome of the investment. Finally, the company opened for operation at 37 New Bond Street London in early 1975.

(iii) Management Team and its duties

Appointing an appropriate manager for the operation was certainly important and had been considered from the beginning of the approval of the art investment by the British Rail Pension Fund. A letter written by Lewin to Mr. J.M.W. Bosworth and other members of the British Rail Pension Fund's Board on 5th August 1974 suggested that,

It is proposed that Sotheby's and the British Railways Pension Funds should set up a jointly owned company...would employ a manager on a full-time basis to look after our investments...It is proposed that Mrs. A. Edelstein should be appointed as the manager...she is at present employed by Sotheby's and appears to be very suitable for the post.¹⁸⁰

Mr. Bosworth, who had been appointed as vice chairman of the British Rail Pension Fund's Board and acted as deputy chairman throughout the operation of investment in works of art, played a pivotal role in the early stages of establishing the framework. In response, Mr. Bosworth addressed his opinion to Lewin on behalf of the Board on the 8th August 1974, "I assume we are satisfied as to the length of service and experience possessed by Mrs. A. Edelstein."¹⁸¹ This was the first time that Annamaria Edelstein, later the manager of the Lexbourne Limited's name appeared in the official archive. As the candidate nominated by Sotheby's, Mrs. Edelstein worked for Sotheby's publication sector and edited "Art at Auction", the annual report of the art market of Sotheby's, before she joined Lexbourne Limited. During the process of selecting the future manager for the

¹⁸⁰ Archive of Art Investment: AN 198/3, (05.08.1974), The National Archives Kew Garden, Letter from Chris Lewin.

¹⁸¹ Archive of Art Investment: AN 198/3, (08.08.1974), The National Archives Kew Garden, Letter from J.M.W Bosworth.

managerial company, Sotheby's produced a 'curriculum vitae' of Mrs. Edelstein in order to investigate her qualification. On August 1974, the curriculum vitae first appeared in a letter from Lewin to the British Rail Pension Fund. The 'curriculum vitae' indicates that Mrs. Anna Maria Edelstein was considered as the manager of the managerial company at age 38. She was born and raised in Italy but has held British nationality in 1974. She had been trained as a chartered accountant and spoke fluent English, French, Italian and Spanish. She also worked in the legal department of French University of Agriculture in Paris from 1958 to 1959 and as personal assistant to the French Representative, Alitalia in Paris. In 1962, She entered the art market and became personal assistant for Da Costa Andraole Antiques until 1965. From 1966 to 1968, she worked in general duties at Heath Bullock interior at Kings Street Chelsea, London and joined Sotheby's in 1969. Her job at Sotheby's was mainly associated with editing the "Art at Auction", a magazine depicting highlights of sales of Sotheby's, artists, private collections, museum exhibitions, and other art events including art markets and major sales of Chinese works of art. Mrs. Edelstein worked as assistant editor at 'Art at Auction' from 1970 to 1971 and was editor from 1972 to 1974. She also worked as auction sales advisor to an Italian magazine,¹⁸² which was unable to be identified. In order to be hired as the manager of Lexbourne Limited, the board of the British Rail Pension Fund required Mrs. Edelstein to terminate her working relationship with Sotheby's to maintain independence prior to her employment.

¹⁸² Archive of Art Investment: AN 198/3, (23.08.1974), The National Archives Kew Garden, Letter: investment in works of art.

Even though Sotheby's was confident in Mrs. Edelstein in the position of manager, the Sub-Committee was still cautiously investigating the background of this potential candidate and seeking extra evidence of her qualifications. Barker indicated the intention of hiring Mrs. Edelstein in a letter to Bosworth and raised his concern on 16th August 1974,

There is every indication that Mrs. Edelstein (who has been selected by the Chairman of Sotheby's) will be suitable for the post but we will, of course, need to see her and consider her curriculum vitae. It will be necessary for an appropriate contract of service to be drawn up between Mrs. Edelstein and the subsidiary company, which will be her employer.¹⁸³

And a letter followed conveying the concerns of the British Rail Pension Fund to Lewin. Stating that,

Details regarding Mrs. Edelstein appear to be satisfactory. I don't know whether it would be our normal practice to obtain some reference from her employer's prior to her going to Sotheby & Co. Under the heading 'education' she states that she is a Chartered Accountant and I would be interested to see her certificate of Membership since I do not believe it is true.¹⁸⁴

No follow up files have been archived relating to this issue, and Mrs. Edelstein was hired near the end of 1974.

Assumedly Edelstein's knowledge of the overall art market was valuable to the operation. Heath Bullock interior was a family operated antique shop established in 1954 by Arthur Heath-Bullock. The shop was originally located in Guildford and expanded to a second location on the King's Road. Heath Bullock interior specialized in English and continental furniture predominantly from the

¹⁸³ Archive of Art Investment: AN 198/3, (16.08.1974), The National Archives Kew Garden, Letter: invest in works of art.

¹⁸⁴ Archive of Art Investment: AN 198/3, (30.08.1974), The National Archives Kew Garden, Letter: investment in works of art.

18th and 19th centuries.¹⁸⁵ Her experience in various positions as dealer and magazine editor certainly enhanced her knowledge about the general operation of the art market and administrative works. Even though she had no expertise in the many categories in the investment portfolio, such as Chinese art, the connections she built up as a dealer and magazine editor of Sotheby's assisted her future collaboration with dealers and experts from Sotheby's during the acquisition stage. There is no archive about alternative candidates, nor the specific reason she was nominated by Sotheby's, but she certainly combined a cross-field experience between art market, finance and law. As the former Sotheby's head of Impressionist department stated in his memoir,

For some years she had edited *Art at Auction*, Sotheby's annual review, and thus was familiar with the departments and their experts, as well as having a broad knowledge of the many areas covered...Annamaria's role was an enormously responsible one. As she did not have the depth of knowledge about specific markets...¹⁸⁶

As the chief advisor and manager of the Lexbourne Limited, her task was mainly to manage and evaluate advice received from other experts of Sotheby's in art historical and art market contents. The contract between Mrs. Edelstein and Lexbourne Limited clearly stated her duty as the manager of the operation,

She shall be employed by the company in the capacity of the acting manager of the company and as such acting manager shall perform the duties and exercise the powers in relation to the business of the company. As an employee of the Lexbourne Limited, she quit Sotheby's before joined the management company. However, British Railways Board

¹⁸⁵ <http://www.heath-bullock.com/about.php>, (accessed 16th June 2016).

¹⁸⁶ Michel Strauss, 2011. *Pictures Passions and Eye: A Life at Sotheby's*, London: Halban Publishers Ltd, pp. 2-3.

appointed another person (persons) to act jointly with Mrs. Edelstein in the said office or to act as substantive manager.¹⁸⁷

Hiring the manager from Lexbourne further strengthened the British Rail Pension Fund's grip on the company, as mentioned in the archive, "In order to achieve some degree of independence of the manager from Sotheby's she will be an employee of S.B.R.S. Ltd., which will be director-controlled by the Trustees through the chairman's casting vote."¹⁸⁸

Many issues concerned the board of the British Rail Pension Fund and the Sub-Committee during the process of drafting a contract with Mrs. Edelstein, and one of the most contentious issues was her pension status. The reason this issue attracted attention from the British Rail Pension Fund was the need to clearly demonstrate independence from Sotheby's in order to limit possible conflicts of interest in the future. The earliest file regarding this issue is a letter from Lewin to the British Railways Board on 13th August 1974,

We discussed the pension situation of the manger. I suggested that even if it was possible for the manager to remain in the Sotheby's pension fund there might nevertheless be advantages in the manager having separate pension arrangements to demonstrate an independence from Sotheby's.¹⁸⁹

The reason why pension status is significant was because it determines the labour relationship between employer and employee, it is not only a very important

¹⁸⁷ Archive of Art Investment: AN 198/5, (Unknown Date), The National Archives Kew Garden, Agreement Between Lexbourne Limited and Anna Maria Edelstein.

¹⁸⁸ Archive of Art Investment: AN 198/5, (19.09.1974), The National Archives Kew Garden, Letter: investment in works of art.

¹⁸⁹ Archive of Art Investment: AN 198/3, (13.08.1974), The National Archives Kew Garden, Letter: investment in Works of Art

method to maintain direct control of the employee through pension payments in the future, but also stipulates that the performance of the manager of Lexbourne is under the jurisdiction of British Rail Pension Fund. Therefore, Lewin stated in his letter on 19th August 1974,

We discussed the conditions of service of the manager, Mrs. A. Edelstein. Mr. Pollen suggested that she should remain in the Sotheby's pension fund but I said that following our previous conversation I was now in discussion with the Inland Revenue¹⁹⁰ authorities about the possibility of her belonging to the new section of the British Railways Superannuation Fund. I said that it would be an advantage if she could join this fund since she would then have a personal stake in the success of the investment policy.¹⁹¹

Certainly having a 'personal stake' in the success of the investment is an effective stimulus to the manager to optimize her performance, however the British Railways Board was not fully supportive of Lewin's suggestion at this stage. A letter from chief solicitor to controller of corporate pension indicated concerns about a shift in the pension scheme,

You told me that the reason for seeking Mrs. Edelstein's transfer to the new fund was that it would give her an added incentive to perform conscientiously her job as adviser to the Board. Whilst doubting such a result, I can hardly think it justifies trying to amend the rules of the new fund in a way which would create an unrealistic precedent.¹⁹²

As result, Edelstein remained in the pension scheme of Sotheby's through the period of the investment until her resignation.¹⁹³

¹⁹⁰ Inland Revenue was a department of the British Government responsible for the collection of taxation, and it merged with HM Customs and Excise to form HM Revenue and Customs.

¹⁹¹ Archive of Art Investment: AN 198/3, (13.08.1974), The National Archives Kew Garden, Letter: investment in Works of Art.

¹⁹² Archive of Art Investment: AN 198/5, (06.05.1975), The National Archives Kew Garden, Letter: reply to Lexbourne Limited.

¹⁹³ Archive of Art Investment: AN 198/7, (11.08.1980), The National Archives Kew Garden, Letter: Lexbourne Limited.

As a key person of the investment, the salary of the manager of Lexbourne was an issue constantly discussed by the board of Lexbourne Limited, Sotheby's and the Works of Art Sub-Committee. This issue not only demonstrated the importance of the behavior of the manager herself, but also indirectly reflected the workload and progress of the operation. The increasing responsibility of the manager during the operational period emphasized her contribution to the investment, which was reflected by her increasing salary and expansion of the managerial team. One of the earliest letters written in the end of 1974 from Lewin to board of the British Rail Pension Fund indicated that, "You will see from the service agreement enclosed with the main batch of documents that it is proposed that she should be paid a salary of £6,000 per annum, which seems to me to be about right."¹⁹⁴ After less than one year of operation the salary of Edelstein increased again, "this is apparently now £7,000 rather £6,000 as mentioned previously. This change came into effect on 1st July, 1975."¹⁹⁵ This rapid increase in salary of 17% in less than a year was based on increasing responsibility of the operation, as the number of acquisitions had expanded dramatically in early 1975. On the other hand, since Edelstein remained in the pension scheme of Sotheby's, she gained the same growth in salary as any other employee of Sotheby's. The British Rail Pension Fund received salary pressure from the manager herself and Sotheby's.¹⁹⁶

¹⁹⁴ Archive of Art Investment: AN 198/3, (23.08.1974), The National Archives Kew Garden, Letter: investment in works of art.

¹⁹⁵ Archive of Art Investment: AN 198/5, (02.26.1976), The National Archives Kew Garden, Letter: reply to Lexbourne Limited.

¹⁹⁶ Archive of Art Investment: AN 198/5, (02.26.1976), The National Archives Kew Garden, Letter: reply to Lexbourne Limited.

Besides increasing salary, the Works of Art Sub-Committee also issued annual bonuses to the manager and managerial team as a stimulus to enhance performance during the operational period. Although the bonus system was not originally designed by the British Rail Pension Fund, it was adapted from the Sotheby's reward system in 1977. The first bonus appeared in the archive in the middle of 1975 when the investment had been already operational for almost a year and the bonus was given based on the performance and evaluation of the manager. Although the date of the first official bonus rewarded to Edelstein is unclear, a letter in the archive written by Lewin dated October of 1975 indicated a paid bonus and the system used to evaluate her performance:

Mrs. Edelstein's salary had been increased from 8,000 to 8,800 and in addition she had been paid a bonus of 1,500. I told Mr. Pollen that I had never heard of a bonus before and was extremely surprised that this information had only emerged at this stage. Mr. Pollen apologized for this.¹⁹⁷

This record raised another concern which was the procedure of the evaluation and bonus systems. It was agreed by the Board of Lexbourne Limited, that any future question of a bonus for Mrs. Edelstein must be determined by the board. Lewin further emphasized this point,

In determining the amount of the bonus... paid in the year in question to Sotheby's employees but in so far as the bonus depended upon performance, it should be related to Mrs. Edelstein's performance as viewed by the Board of Lexbourne Ltd. An estimation of the bonus will be based on the assumption of (a) good performance, (b) poor performance. It was emphasized that any future salary increase for Mrs. Edelstein should be determined by the Board of Lexbourne Ltd, and it was agreed that the

¹⁹⁷ Archive of Art Investment: AN 198/5, (14.10.1975), The National Archives Kew Garden, Letter: investment of works of art.

bonuses for the other employees of Lexbourne Ltd. should also be determined by the Board on the basis of a recommendation from Mrs. Edelstein.¹⁹⁸

This standard of evaluating the performance of the manager was certainly subjective and vague. It also demonstrated that neither the manager nor the managerial team directly benefited from the termination of the investment in monetary term. More importantly, Sotheby's should not make decisions of rewarding bonuses, because it was a very sensitive area that the British Rail Pension Fund demanded full authorization over. Violation of this procedure of operation of the joint company was considered a challenge to the authority of the British Rail Pension Fund by Sotheby's. Since the manager was not enrolled in the British Rail Pension Fund's pension scheme, this system of payable bonus was an effective method to increase the performance of the managerial team, and also established the authority of British Rail Pension Fund as being in full control of the operation. The British Rail Pension Fund was very cautious about its authority in the managerial company, as well as decisions made on purchasing works of art throughout the operational period, and this disagreement over the procedure of rewarding employees was one of the examples of the conflicts in the partnership.

To manage the increasing portfolio of art objects, Lexbourne Limited needed to hire other staff to assist Edelstein in daily operations as the board decided to recruit additional labor. It was stated in the agreement that Sotheby's should assist the company to find any staff which the company may from time to

¹⁹⁸ Archive of Art Investment: AN 198/5, (14.10.1975), The National Archives Kew Garden, Meeting minutes: Investment of works of art.

time require.¹⁹⁹ The earliest concern about recruiting extra stuff to support the manager in the operation was in August 1974, a month after approval of the investment by the British Railways Board.²⁰⁰ Anne Durant, who changed her last name to Maxwell because of marriage, was hired as the personal assistant of the manager in the end of 1974, becoming one of the senior members in the operation.²⁰¹ As Edelstein's assistant, Maxwell's task became more complicated and significant later on. A letter in the archives indicate that Maxwell acted as alternative manager while Edelstein was away from the company,

Further to our telephone conversation I wish to confirm that it has been expressly agreed by the directors of Lexbourne Limited that Mrs. Anne Maxwell is fully authorized to sign the invoices in Mrs. Edelstein's absence. There is no doubt that by inference Anne Maxwell was already authorized to do so since April 1978 when her salary was increased as a result of her additional responsibilities...²⁰²

After successfully bidding in the auction market, storage arrangements became a serious issue to Lexbourne Limited. Sotheby's initially provided assistance for the storage space by allowing British Rail Pension Fund to store their works of art in their warehouse for 0.375% of the total value per half year.²⁰³ However as the investment continued, the limited space provided by Sotheby's became insufficient for keeping works of art in a safe environment. In order to

¹⁹⁹ Archive of Art Investment: AN 198/4, (1974), The National Archives Kew Garden, Letter: agreement.

²⁰⁰ Archive of Art Investment: AN 198/3, (23.08.1974), The National Archives Kew Garden, Investment of works of art.

²⁰¹ Archive of Art Investment: AN 198/5, (02.26.1976), The National Archives Kew Garden, Letter: reply to Lexbourne Limited.

²⁰² Archive of Art Investment: AN 198/7, (07.03.1979), The National Archives Kew Garden, Letter: from company secretary to Mr. Andrew.

²⁰³ Archive of Art Investment: AN 198/2, (25.07.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Investment Sub-Committee.

solve the problem of lack of knowledge of storing works of art, the Sub-Committee hired a storage specialist to join the managerial team. As a result, Mr. Dequin (n.d.) was hired to handle the storage issue, and since he was already enrolled in the pension scheme of Sotheby's, it is possible to assume that he was a former Sotheby's employee.²⁰⁴

As the collection grew, additional spaces were required to safely store the works of art. Storage was one of the main tasks accomplished by the Sub-Committee and Lexbourne Limited. This was considered one of the most significant costs of the operation during both acquisition and exhibition stage, accompanied by concerns about insurance and safety. Generally speaking, the British Rail Pension Fund used three systems of storage space to secure works of art purchased through Lexbourne Limited. Sotheby's provided storage services to Lexbourne Limited in the early period, which cost 0.375% of the total value per year as mentioned above. Sotheby's agreed to store on a fully insured basis until such time as the fund had its own storage facilities. However, storage at Sotheby's caused several problems such as inconvenience of transporting the item to other locations and risk of damage, especially after the expansion of the portfolio. The second storage system was institutional space such as the Victoria and Albert Museum and the Leeds Castle. According to the archive, longer-term storage with museums was significant to the operation to take advantage of the treasury indemnity to reduce insurance, details of which will be discussed in chapter five.

²⁰⁴ Archive of Art Investment: AN 198/7, (04.1978), The National Archives Kew Garden, Meeting minutes: salary policy.

Sotheby's storage service was the most important location for the British Rail Pension Fund to secure works of art in the early stage, accompanied with limited help from domestic museums. However, none of these two systems could provide sufficient capacity to store all the purchases of the British Rail Pension Fund, and it was essential for the fund to maintain its own storage and insurance coverage. Therefore, the Sub-Committee investigated properties belonging to British Railways as suitable locations of storage, which eventually became the third and largest storage system to support the operation. Various sites on railway property were examined with urgency in 1974.²⁰⁵ It was then agreed that the Fund must have long-term storage facilities in a meeting in early 1975.²⁰⁶

The first report of the British Railways-owned storage location was in a meeting in June 1975. Wilson stated that Sotheby's would be willing to continue to store the portfolio in the meantime, but warned that due to the lack of suitable storage space an increase in the number of items stored would lead to a greater security risk. Lewin also reported a scheme to construct a storage base in London which would be finished by the end of 1975.²⁰⁷ However, this was not finished until 1977, thus additional help was still being received from Sotheby's and various museums²⁰⁸ during this period.

²⁰⁵ Archive of Art Investment: AN 198/2, (25.07.1974), The National Archive Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁰⁶ Archive of Art Investment: AN 198/2, (24.02.1975), The National Archive Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁰⁷ Archive of Art Investment: AN 198/2, (17.06.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁰⁸ Archive of Art Investment: AN 198/2, (08.03.1976), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

The central storage was completed under St. Pancras station in early 1977, this being a property owned by British Railway. However extra inspections needed to be performed such as security systems, fire prevention and detection arrangements. It was emphasized that while every reasonable precaution had been taken, some unavoidable risks remained. In particular the possibility of flooding could not be entirely ruled out,²⁰⁹ therefore insurance costs still needed to be included in evaluating the performance of the operation. Finally, the central store became operational in October 1977, up until which steady progress had been made and it was anticipated that by the end of January 1978 the store would contain approximately 600 items.²¹⁰ The progress of transporting the collection from Sotheby's to the central store remained slow with over 800 items placed in the central store at the end of May 1978.²¹¹ This combination of three storage systems remained stable throughout the acquisition period, but became more complicated in the exhibition stage during which many overseas exhibitions were undertaken.

Extra labour was needed to handle the storage space and this demand kept growing from 1978. On a staff recruitment form, the manager applied to hire extra labour for administrative work and storage assistance, and two additional

²⁰⁹ Archive of Art Investment: AN 198/2, (17.01.1977), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²¹⁰ Archive of Art Investment: AN 198/2, (18.01.1978), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²¹¹ Archive of Art Investment: AN 198/2, (29.06.1978), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

employees were hired.²¹² This expansion of the managerial team is a direct reflection of the expansion of the acquired artworks. According to the meeting minutes in the archive, Edelstein pointed out on April 1978 that it was considered that in view of the growth of the workload on storage and audit requirements, the recruitment of these two assistants was justified. There was evidence from recent months that the existing staff were often overworked and that this was not conducive to maximum efficiency.²¹³ 673 works of art were stored at the central storage and 249 works of art were displayed and stored at various museums including the Victoria and Albert Museum, Barnards Castle, Leeds Castle and the Doncaster Museum during this period. The total spending on the investment in works of art exceeded £18 million in 1978, which led to an increase in costs of maintenance.²¹⁴ To manage this team, the manager's responsibility in controlling the company grew at the same time. Edelstein did not only play an important role in the evaluation of performance of employees, but also had authority to recruit.²¹⁵ After the expansion in 1978, the managerial team finally settled with a group of five specialists and assistants and this structure was maintained until the end of 1980. Mrs. Annamaria Edelstein was the manager and Mrs. Ann Maxwell was the principal secretary of Lexbourne Ltd appointed at the beginning of the investment in works of art in 1974. Mr. Dequin joined later, likely in 1975, becoming the handling specialist. Miss R. Goff (n.d.) and Mr. Hinchley (n.d.) joined the

²¹² Archive of Art Investment: AN 198/7, (04.1978), The National Archives Kew Garden, Meeting minutes: recruitment of staff.

²¹³ Ibid.

²¹⁴ Archive of Art Investment: AN 198/7, (18.04.1978), The National Archives Kew Garden, Letter: proposed agenda for the meeting.

²¹⁵ Archive of Art Investment: AN 198/7, (04.1978), The National Archives Kew Garden, Meeting minutes: recruitment of staff.

company after 1978 to support the expansion of the collection in both handling and administrative matters.²¹⁶

The duties of the managerial team were clearly recorded in the employment agreements. The earliest version of an agreement drafted in July 1974 indicated that the company should advise the Trustees and act on their behalf in relation to investment in works of art, all under the control of the manager. This task included not only informing the Sub-Committee of the general movement of the market such as trends, purchases, holdings and sales, but also acting as agent of purchase, sale and dealing in works of art whether at auction or within such limits of value or price. Moreover, the managerial team needed to arrange the storage, maintenance and insurance of works of art belonging to the British Rail Pension Fund and arrange exhibitions of works of art at any appropriate opportunity.²¹⁷ The managerial team only operated as an art advisory agent with support from Sotheby's and British Rail Pension Fund. These tasks were not modified throughout the acquisition stage until 1980 when the British Railways Board decided to terminate acquisition and become actively involved in exhibitions around the world.

The manager was a pivotal role, connecting the Works of Art Sub-Committee, Sotheby's and the managerial team, thus the Sub-Committee certainly

²¹⁶ Archive of Art Investment: AN 198/7, (01.06.1980), The National Archives Kew Garden, Meeting minutes: salary review.

²¹⁷ Archive of Art Investment: AN 198/3, (25.07.1974), The National Archives Kew Garden, Draft agreement.

paid much attention to her performance. Trust was gradually built between the Sub-Committee and the manager after hiring. A letter circulated within the British Railways Board indicated the trust issue at the beginning of the operation,

I am not very conversant with contracts of employment in today's condition. How do we get rid of her if we think her unsatisfactory? In particular, since there is no reference to normal working hours, for example, how do we get rid of her if she decides only to work one hour a day?²¹⁸

As the investment developed, Edelstein and her team demonstrated their capability of forming the investment at a level satisfactory for the British Rail Pension Fund. As the portfolio grew, the managerial team's attention was not only on purchasing new investments, but also more and more on the question of storing and making loans to museums. Increases in salaries and bonuses served as evidence indicating greater trust between the Trustees and Lexbourne Limited. The archive indicates that Lewin suggested to the Board in 1978 that,

Mr. Wilson (1913-1984) from Sotheby's feels strongly that it would be equitable for the company to grant Mrs. Edelstein a somewhat higher increase than was proposed in my memorandum, have regard to the degree of responsibility she is now carrying. He makes the point that she would be extremely difficult to replace if we had to do so...we finally agreed that the proposed increase should be raised by 300 pounds...taking everything into consideration, I recommend that the company should agree to this higher figure.²¹⁹

Another important role outside the managerial team was a specialist in statistics based on the need to investigate the trends of the art market. The trend of the market's movement was significant to the British Rail Pension Fund to maintain their initial aim of hedging the risk of inflation. Although individual

²¹⁸ Archive of Art Investment: AN 198/3, (25.09.1974), The National Archives Kew Garden, Letter: investment in works of art.

²¹⁹ Archive of Art Investment: AN 198/7, (21.04.1978), The National Archives Kew Garden, Letter: Salary Policy.

purchases were not exactly guided by the statistics of the art market research conducted by the British Rail Pension Fund and Sotheby's, the wider structure of the investment was constructed under the methodology and experience learned by Sotheby's from its collaboration on *the Times-Sotheby's Index* during the 1960s. Moreover, Sotheby's was also using these statistics to evaluate the portfolio for future arrangements. The earliest mention of this issue was during the meeting of the Works of Art Sub-Committee on July 1974 where Mr. Lewin asked Sotheby's if there was any possibility of Sotheby's producing an index to measure the change in value of the various categories of works of art, preferably similar to the *Times-Sotheby Index* which ceased in 1969. Thompson replied with a negative response and indicated any method of indexation would be compiled more by judgment than on a scientific basis. However, Lewin insisted on arranging the possibility to look into this subject in greater depth and to report back to the Sub-Committee.²²⁰ Sotheby's agreed to the suggestion made during this meeting and started to construct an index similar to the *Times-Sotheby's Index*.

On August 1974, Sotheby's replied to Lewin that, "I confirm that Julian Thompson is working on the statistics which were requested at the meeting held on 30th July at Charing Cross Hotel",²²¹ and then hired a full-time statistician to conduct the research.²²² There is no archive indicating the identity of this newly

²²⁰ Archive of Art Investment: AN 198/2, (30.07.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Investment Sub-Committee.

²²¹ Archive of Art Investment: AN 198/3, (20.09.1974), The National Archives Kew Garden, Letter: Sotheby's.

²²² Archive of Art Investment: AN 198/4, (10.12.1974), The National Archives Kew Garden, Letter: from Sotheby's.

hired employee required to perform statistical analysis for the investment, but a complete report of the art market was produced by this statistician in 1977 covering the period from 1951 to 1977. This research was confirmed in the Sub-Committee meeting on February 1975.²²³ The report was valued by the Works of Art Sub-Committee as a guide for the art market. Lewin commented in his letter to the Board that,

Basically the figures for the period up to 1970 have been obtained from the data used as a basis for the *Times-Sotheby Index*...individual portfolios of works of art in each category were mainly set up in 1975.²²⁴

A later letter demonstrated the involvement of the statistician, Jeremy Eckstein, who assisted the Sub-Committee in not only predicting the trends of the market, but also monitoring the influences of different features of auction sales on price.²²⁵ However, final purchase decisions were still made by the Sub-Committee, and Eckstein's work only served as an indicator in the decision-making process.

Jeremy Eckstein's work was not the only tool that the British Rail Pension Fund used to evaluate the art market. The archive also contained other statistical reports, such as that of, "an organization called Annual Art Sales Index produced in November each year contained a large number of prices for paintings, drawings and water colors sold at auction throughout the world."²²⁶ Certainly these

²²³ Archive of Art Investment: AN 198/2, (24.02.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Investment Sub-Committee.

²²⁴ Archive of Art Investment: AN 198/2, (14.04.1978), The National Archives Kew Garden, Letter: statistics of works of art.

²²⁵ Archive of Art Investment: AN 198/9, (09.04.1980), The National Archives Kew Garden, Letter: investment in works of art.

²²⁶ Archive of Art Investment: AN 198/2, (14.04.1978), The National Archives Kew Garden, Letter: statistics of works of art.

statistical analyses were very important indicators for British Rail Pension Fund to operate the investment, especially during the period of preparation and negotiation with Sotheby's. Producing statistical research into the art market was certainly a financial or economic approach to manage and evaluate the performance of the art investment portfolio, but the managerial team also took an art historical approach to demonstrating the significance of the object in the art historical hierarchy, as indicated in the recommendation form. The significance of these two distinct approaches challenged the traditional perspective of collecting and investment behaviours, which will be discussed in detail in chapter five.

(iv) Recruitment of the new curator in 1980

The main reason for recruiting a new curator for the project was because the investment had almost reached its ceiling in 1980. The main responsibility of the new curator was to arrange many domestic and overseas exhibitions for the art portfolio of the British Rail Pension Fund after 1980, and Chinese art objects were displayed in museums and fairs in both U.K. and U.S. under her management. Since the British Rail Pension Fund decided to introduce a limit of £40 million for the purchasing budget in 1978, the managerial team started to concentrate on completion of the collection from 1978 to 1980. However, opposition toward the termination was proposed by Edelstein and Sotheby's experts due to a lack of important pieces in several fields of artwork. The British Rail Pension Fund was not supportive of this proposal and insisted on the original £40 million ceiling, which changed the nature of the investment from 'acquisition' to 'maintenance and exhibition' in 1980. As the turning point of the operation, this change not only disbanded the operation of the Works of Art Sub-Committee and Lexbourne Limited, but also modified the relationship and collaboration with Sotheby's and various exhibition locations. Lexbourne Limited obviously had a significant alteration in the structure of its managerial team, especially the resignation of the manager and the recruitment of a new curator.²²⁷

As Morgan indicated in the meeting on future management arrangement that, Mrs. Edelstein would resign from her current position as full-time manager,

²²⁷ Archive of Art Investment: AN 198/8, (25.06.1980), The National Archives Kew Garden, Meeting minutes: future management arrangement.

but the British Rail Pension Fund retained her as a consultant in order to ensure that her particular expertise could be called on from time to time and that an invaluable body of knowledge about the portfolio was not lost. The Fund would then recruit a part-time manager as curator, a managerial role within Sotheby's or connected with them in order to maintain an important contact and provide access to necessary basic market information.²²⁸ The change of managerial team significantly reduced operational costs for the British Rail Pension Funds. According to the archive, the salary of Mrs. Edelstein declined to £7,500 per annum and she was expected to work an equivalent of at least one day a week as a consultant. Edelstein's status would be that of an adviser and she did not carry any responsibility for making decisions.²²⁹ Other members of the managerial team such as Mrs. Maxwell lost her employment on March 1981 and received a three month's salary lump sum payment of about £2,300.²³⁰

The newly recruited manager was Katharine Damaris Stewart (1923-), also known as Lady Stewart. She was appointed by Morgan as the new curator of the portfolio at a salary of £8,000 per annum in 1980. Because of her part-time working status, she was expected to work for the equivalent of three days a week and full art managerial responsibility was transferred to Lady Stewart in 1980.²³¹ Unfortunately there is no information demonstrating the background nor the

²²⁸ Ibid.

²²⁹ Archive of Art Investment: AN 198/7, (15.08.1980), The National Archives Kew Garden, Meeting minutes: Lexbourne Limited.

²³⁰ Archive of Art Investment: AN 198/8, (15.01.1981), The National Archives Kew Garden, Meeting minutes: Lexbourne Limited.

²³¹ Archive of Art Investment: AN 198/7, (15.08.1980), The National Archives Kew Garden, Meeting minutes: Lexbourne Limited.

qualification of Lady Stewart stored in the archive. As the Works of Art Sub-Committee was disbanded in 1980, communications between the directors of Lexbourne Limited became less frequent regarding the managerial team. A letter written by J.B. Watts, the chairman and director of the board of Lexbourne Limited in December 1980 stated that, “I do not even know who Lady Stewart is or what her experience and background consist of. You must appreciate that the least I can expect, as Chairman of Lexbourne Limited is to meet the lady before I can support the idea of her employment.”²³² Watts also attached a list of requests in order to increase his understanding of Lady Stewart’s qualification, such as full details of the proposed remuneration of Lady Stewart.²³³ However, the archive does not contain any further information about responses from other members of the British Rail Pension Fund. Lady Stewart was appointed by the British Rail Pension Fund as the new manager and curator of the collection on 1st October 1980.

The contract of employment for Lady Stewart as new part-time manager clearly stated her duty during the operation. Her proposed task as the manager was divided into three parts, including storage, maintenance and insurance, loans and exhibitions. The most important task after the acquisition stage was to display the objects from the investment to reduce storage and insurance costs and gain attention from the public in order to maximize the potential profit at termination.

²³² Archive of Art Investment: AN 198/7, (01.12.1980), The National Archives Kew Garden, Letter: Lexbourne Limited.

²³³ Ibid.

In order to widely exhibit the objects from the investment portfolio in museums and institutions, the British Rail Pension Fund started to officially promote the portfolio as the ‘collection’ of the British Rail Pension Fund. Therefore, the new manager was also hired as curator of the ‘collection’, to emphasize its identity. This was significant for the publicity of the investment portfolio because the British Rail Pension Fund initially planned to operate anonymously. The new manager also needed to maintain a library of intelligence pertinent to the fund’s portfolio, including market conditions and price trends. Moreover, she needed to analyze the market and target potential selling opportunities.²³⁴ The new manager did not work at the original Bond Street office of Lexbourne Limited, but moved to the Investment Department of British Rail at Liverpool Street.²³⁵ Details of exhibitions arranged by the new manager will be discussed in chapter five.

²³⁴ Archive of Art Investment: AN 198/8, (1980), National Archives Kew Garden, Agreement of Lady Stewart.

²³⁵ Archive of Art Investment: AN 198/7, (15.08.1980), National Archives Kew Garden, Meeting minutes: Lexbourne Limited.

3. Collaboration with Sotheby's

(i) Involvement of Sotheby's from 1974 to 1980

It would not have been possible for the British Rail Pension Fund to form the investment without collaboration with Sotheby's, because of its insufficient knowledge of the art market. Even though the Works of Art Sub-Committee and Lexbourne Limited were both established to manage the investment, recommendations for purchase from Sotheby's experts were significant in the acquisition stage. As one of the top auctioneers in the art, Sotheby's had an outstanding team of experts in different fields. Sotheby's did not only act in an advisory role for the British Rail Pension Fund, but also provided one of the most important trading platforms in the art market which gathered collectors, dealers and investors from around the world. The market resource within the platform became a significant element while British Rail Pension Fund was selecting a partner, as discussed in the previous chapter. As the archive indicates, the responsibility of Sotheby's was not only limited to purchasing works of art and forming the collection as an advisor, but also terminating the collection through a series of special auction sales after the criteria were met. With help from experts of Sotheby's in various fields of works of art, the British Rail Pension Fund purchased over 2400 pieces of artworks including 255 pieces of Chinese works of art. Therefore, to investigate the British Rail Pension Fund's collection of Chinese works of art, it is essential to reconstruct the history of this collaboration.

Within the framework of a twenty year duration, Sotheby's suggested a suitable structure of allocation of financial resources in each category within the art market. The earliest mention of this issue was during the preparing period when the contract between the British Rail Pension Fund and Sotheby's was still under construction in 1974. The president of Sotheby's P.C. Wilson, Mrs. Edelstein, Julian Thompson and J.M. Linell (1940-) attended this meeting. Lewin mentioned in the meeting of the Works of Art Sub-Committee on July 1974,

Mr. Linell distributed an analysis of the main collecting areas covered by Sotheby's, arranged into four categories of decreasing importance. Sotheby's recommended that the fund investment much of the available money in the very finest works of art which come on the market, of international interest and which museums would be willing to exhibit. As such, it was recommended that the funds allocate 2/3rds of the available finance to category 1 (area of prime importance) and 1/3rd to category 2 and 3 (areas of decreasing importance).²³⁶

However, there was no file submitted by Sotheby's contributing to the details of a suggested structure of the investment stored in the archive. Hence, there was no direct evidence to demonstrate which four categories were suggested by Linell to the Sub-Committee. Another meeting held at a later date on July 1974 demonstrated a response from the Sub-Committee to the suggested structure, which indicated that,

After studying Sotheby's recommendations and hearing their advice regarding the relative merits of the different categories of fine arts, the Sub-Committee decided that the five year investment target for the combined funds should be as follow: 33% of available finance on Old Masters, 12% on Impressionists, 12% on Topography, books, Manuscripts and color plates, 23% on Chinese, Japanese, Middle East, Antiquities, African Mediaeval and Renaissance, and 15% on other categories. The last

²³⁶ Archive of Art Investment: AN 198/2, (25.07.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

5% of available finance should be for investment in any of the area as circumstances warrant.²³⁷

This response assumedly shares a high similarity with the original proposal, and Chinese works of art were included in a larger category, which shared financial resources with other fields of works of art.

However, evidence indicated that the structure of allocation of financial resources was modified over time, Chinese works of art became an individual category that occupied over 10% of the investment and became the largest category of non-western works of art in the collection after 1980. As Wilson pointed out,

The percentage of each category purchased would to an extent depend on the opportunities which are available. Sotheby's would not recommend investment in areas which are likely to fluctuate strongly in popularity. By cornering the market in a certain specialized area of art, it would be possible to drive up the price of any works coming onto the market against the interest of the fund. It would be desirable to ensure the fund's investment in each category was not excessive when compared with the total market for that category.²³⁸

This suggested structure was also closely associated with tastes in the art market at the time, since it was derived from Sotheby's experience and art market research conducted over the past few decades. It was thus significant for the British Rail Pension Fund to target future potential buyers through selecting representative pieces in the targeted areas.

²³⁷ Archive of Art Investment: AN 198/2, (30.07.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²³⁸ Ibid.

To further reduce the risk, the British Rail Pension Fund required a separation of its capital across a wide range of categories. As stated in the archive,

The plan for this operation was suggested that the field of activity should be as widespread as possible in order to take care of fluctuations in fashion or regional interests and that our aim should be form specialized collection as representative as possible in the various fields. The thought behind this proposal was that well-balanced collections of works of art are always more valuable than individual items presented on their own.²³⁹

Although the entire operation was purely considered as an asset investment portfolio, the British Rail Pension Fund often described the investment as an art ‘collection’ in the archive during the acquisition stage. Certainly, the Sub-Committee noticed the importance of valuing its purchase from the perspective of the history of collecting, which will be discussed in detail in chapter five. A report appeared in the archive when the fund decided to terminate the acquisition stage, indicating two main factors in the creation of an art collection, “Firstly the financial commitment of the collector and secondly the availability of material on the market.”²⁴⁰ The report further established the linkage between collecting art and art investment,

To try and wind up the principal collections so that they will represent a sound investment has proved difficult; it has often been a matter of choice whether to put the available funds in one category rather than another. Nevertheless some of the areas which have been bought quite extensively are distinguished collections by any standards, whilst others suffer from under-representation which does affect their overall value.²⁴¹

²³⁹ Archive of Art Investment: AN 198/8, (07.03.1980), The National Archives Kew Garden, Letter: Works of Art Investment.

²⁴⁰ Archive of Art Investment: AN198/8, (19.03.1980), The National Archives Kew Garden, Report: investment in Works of Art.

²⁴¹ Ibid.

To further reduce the risk in art investment, the British Rail Pension Fund noted that it was important to understand collecting behaviour, in order to target future buyers.

The final structure of the investment was not limited to these four categories initially suggested by Sotheby's, the collection was divided into several specific areas. One of the main reasons was availability of works on the art market, and this was realized by experts from Sotheby's and the Sub-Committee in the early stages. The archive indicated in the meeting on July 1974, "It was emphasized to Sotheby's that these were target figures for guidance, not rigid control, since much depended on the availability of suitable items."²⁴² As demonstrated in the periodic review of the investment portfolio in the archive, "the 1975/6 season...books and manuscripts should be reduced from 15% to 8% and miscellaneous group increased from 15% to 19.5%."²⁴³ This was only one of many pieces of evidence indicating that the change of structure was highly dependent on the availability of items and trends of the market. As a result, the manager recorded that on February 1980, the collection of the British Rail Pension Fund of works of art consisted of 2,112 pieces, of which 32% was old Master paintings, 11% was Impressionist paintings, 9% was books, 10% was Chinese works of art, 11% was antiquities, 15 % was miscellaneous, the rest of the 12% included Japanese art,

²⁴² Archive of Art Investment: AN 198/2, (30.07.1974), The National Archives Kew Garden, The Meeting minutes: Works of Art Sub-Committee.

²⁴³ Archive of Art Investment: AN 198/2, (24.09.1976), The National Archives Kew Garden, Investment Review: Works of Art Sub-Committee.

Middle Eastern art, Works of art, 19th century art, coins and clocks and watches.²⁴⁴

This was the latest record of the structure of the investment in the official archive.

The investment did not expand much further after 1980, since the Board decided to cap it at £40 million. However, a comparatively small number of purchases were made in 1980 and 1981, mainly from private sellers, with no details recorded. This structure remained stable until the termination of the investment.

After the Works of Art Sub-Committee approved the temporary structure of the investment based on Sotheby's suggestion in 1974, it was important to demonstrate the method to approach this aim through collaborative agreement. Lewin mentioned in the Sub-Committee meeting on July 1974 that an agreement between the British Railways Board (the trustee of British Rail Pension Fund) and Sotheby's was still under negotiation. The main terms of this first proposed agreement were that the British Railways Board would pay Sotheby's a fee of £30,000 per annum, plus extra costs in travelling expenses. According to the archive, Sotheby's redistributed this payment of £30,000 per annum to support the operation of Lexbourne Limited, including salaries of the managerial team and other administrative works. In return for which Sotheby's would provide expert advice regarding investment in works of art and managing the portfolio in collaboration with Lexbourne. Purchases would be made from any source, not only limited to Sotheby's auctions, but also other auction houses and private sources. However, sales would have to be made through Sotheby's for 20 years.

²⁴⁴ Archive of Art Investment: AN 198/9, (29.02.1974), The National Archives Kew Garden, Report: analysis of investment in works of art.

Sotheby's would indemnify the funds in the event of a loss arising from any items purchased turning out to be forgeries.²⁴⁵ However, the condition to sell the investment through Sotheby's was that Sotheby's must remain among the 'three foremost auction houses in the world'. The ranking of auction houses mainly depended on annual turnover, but this condition was more likely to be a 'gentleman's agreement' according to the archive. The rates of commission payable by the funds on such sales would be at the standard rates then prevailing, subject to a discount of one-fifth once total sales had exceeded £2 million. For sales other than by auction, these rates would be reduced by 50%.²⁴⁶ This financial benefit formed the basic bond between Sotheby's and the British Rail Pension Fund and encouraged Sotheby's to convene the foremost experts from different fields of works of art to advise and assist Edelstein.

The archive included several versions of the agreement since it was renewed every three years between the company, British Railways Board and Sotheby's. After several negotiations between the British Rail Pension Fund and Sotheby's, the earliest signed agreement stated that,

The company shall act as investment advisers to and managers and purchasing agents of the Board in relation to investments in works of art and shall advise the Board as to the availability and desirability as long term investments of works of art offered for sale by fine auctioneers dealers and owners and shall make recommendations as to purchases and sales and prices. The company shall seek advice from Sotheby's in accordance and maintain regular contact with the panel of experts from Sotheby's. The company shall at all time use its best endeavors to obtain

²⁴⁵ Archive of Art Investment: AN 198/2, (25.07.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁴⁶ Archive of Art Investment: AN 198/5, (Unknown Date), The National Archives Kew Garden, Confidential Memorandum No. 54/75.

suitable advice whether or not from Sotheby's before making a recommendation to the Board. Sotheby's shall maintain a panel of experts for the purpose of assisting and advising the company in the performance of the company's. But Sotheby's shall not advise the Board direct as to purchase of a work of art not the Board shall inform Sotheby's of what action the Board may decide to take in consequence of any advice given to the Board by the company.²⁴⁷

These terms changed little throughout the acquisition stage, during which the main task was to form a highly regarded collection of works of art.

However, the purchasing procedure was not recorded as part of the tripartite agreement, but demonstrated in the meeting of the Works of Art Sub-Committee, as discussed earlier in this chapter. This was the earliest example of purchasing procedure stored in the archive and indicated that in July 1974 Edelstein showed the Sub-Committee a specimen purchase recommendation and inventory form which would flow from Lexbourne to the Works of Art Sub-Committee.²⁴⁸ The purchasing procedure generally involved two meetings, which produced a recommendation form for the Sub-Committee to inspect a potential acquisition. The first meeting was held between the manager and experts from various departments from Sotheby's for general inspection; the second meeting was held between the manager and the Sub-Committee before a final purchase decision. However, as mentioned above, it was not necessary for any purchase under the value of £10,000 to go through the second meeting, since the manager had the authority to make executive decisions for less valuable acquisitions.

²⁴⁷ Archive of Art Investment: AN 198/7, (10.03.1977), The National Archives Kew Garden, Agreement, p.2.

²⁴⁸ Archive of Art Investment: AN 198/2, (25.07.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

Therefore, the whole purchasing procedure was completed by the collaboration of Sotheby's experts, the manager of Lexbourne limited and the Works of Art Sub-Committee. The last purchase submission produced by the manager in the archive was in August 1980 indicating a total of 78 pieces were bought in 1980.²⁴⁹

With the agreement settled and advisory fee paid, Sotheby's equipped the operation with their leading experts. As the department head of Sotheby's Chinese art, Julian Thompson became the leading expert making recommendations for purchase of Chinese objects, assisting by J.J. Lally (n.d.) and Giuseppe Eskenazi (1939-). Julian Thompson not only acted as advisor for recommendation of Chinese works of art, but was also involved in the early construction of the operation. Lally was acting as head of Chinese works of art at Sotheby's U.S. Eskenazi was one of the most important dealers, who sold many of the most significant and profitable Chinese objects to the British Rail Pension Fund, including the Tang horse (fig.1). As Eskenazi recorded in his book, "...the British Rail Pension Fund in 1974, initiated the scheme in which, perhaps for the first time, an institution devoted part of its portfolio...to investment in art."²⁵⁰ As It is unclear from the archive when Eskenazi and Lally started acting as advisors for Chinese art, but both of them assisted Thompson not only in supporting the formation of the Chinese art portfolio, but also evaluating the Chinese collection annually, contributing to the statistics of the market to predict future trend, and preparing for future sales. Two important pieces of information about objects for potential

²⁴⁹ Archive of Art Investment: AN 198/9, (02.08.1980), The National Archives Kew Garden, Meeting minutes: works of art investments.

²⁵⁰ Eskenazi 2012:50-51.

acquisition of Chinese works of art were included in the recommendation form. The first part consisted of information related to aspects within the history of collecting and history of art. Experts needed to provide a description of the item, condition report, reasons for recommendation, provenance, rarity, quality, desirability and relevance to other purchases in the collection. The second part consisted of quantitative investigation such as price, market trends and comparative prices, together with a detailed report of highlights of the object.²⁵¹ This was clearly to emphasize that Lexbourne was not only demonstrating the investment aspect of the object, but also building up a relationship between items within the portfolio. This practice was commonly adopted by collectors and scholars, and thus commonly associated with collecting practice. Assistance from experts was one of the most significant elements during the acquisition stage because the knowledge of these experts assisted the British Rail Pension Fund in understanding the mechanisms of the art market. The advantage of collaboration with an auction house appeared during the acquisition stage as top experts in the market contributed their resources and knowledge to educate the British Rail Pension Fund.

As a component of the art market, it was not surprising to include Chinese works of art in the investment of the British Rail Pension Fund. As discussed in the previous chapter, many important collections of Chinese art were sold at auction in London in the early 20th century. The market for Chinese works of art

²⁵¹ Archive of Art Investment: AN 198/9, The National Archives Kew Garden, Submission No.1427, Purchase recommendation and inventory.

certainly developed as the taste for collecting Chinese art expanded in European society. The importance of Chinese works of art on the European art market was reflected by the *Times-Sotheby Index* produced in the 1960s, as discussed in the previous chapter. Sotheby's continued to demonstrate the significance of Chinese works of art on the European art market and among institutional and private collectors to the Sub-Committee by maintaining the methodology of the investment.²⁵² It was not surprising to observe that as one of the senior members who contributed to the earliest negotiation with Works of Art Sub-Committee in 1974, Mr. Julian Thompson the chairman of Chinese works of art and founder of Sotheby's Hong Kong saleroom included Chinese art in the suggested structure of collection. The statistical research conducted by the British Rail Pension Fund in the evaluation of regional public and private collections indicated that Chinese works of art demonstrated a wide range of acceptance in European and Asian countries. London retained its premier market position in Asian art even during the recession in the 1970s. Chinese ceramics, particularly Ming porcelain, had been bid up by Japanese buyers from 1969 to 1973 in London salerooms, as they switched out of an inflation-affected yen.²⁵³ Sotheby's and the British Rail Pension Fund were certainly aware of this shift in the art market, in which overseas investors and collectors had noted the importance of Chinese works of art, especially Japanese buyers. As result, many items were purchased by Japanese

²⁵² Archive of Art Investment: AN 198/2, (1978), The National Archives Kew Garden, Report: Sotheby's Index; also see Archive of Art Investment: AN 198/2, (1978), The National Archives Kew Garden, Meeting minutes: an appraisal of the performance of the *Times-Sotheby Index*.

²⁵³ Robertson 2005:58.

dealers and collectors in 1989 while Sotheby's held two sales in that year for the British Rail Pension Fund's collection of Chinese works of art.

The earliest mention of investment in Chinese art in the archive was made by Julian Thompson in 1974, when he contributed his opinion on the aims, present market situation, storage and conservation of Chinese works of art. He emphasized that "the risk of forgery was no higher than with other types of fine arts, and the Chinese government have to date rigidly refused to export any works from China."²⁵⁴ Considering the rising purchasing power of foreign collectors and investors, especially from Japan, shortage of supply might likely cause an increase of demand and price in the future. The Sub-Committee agreed to retain the existing annual budget and agreed to pursue only ancient bronzes and sculptures in the most perfect condition. However, Mr. Thompson reminded the Sub-Committee that Chinese art generally fell into two categories, early and late, and each category should be provided for by the fund.²⁵⁵ As result, the British Rail Pension Fund invested in both 'early and late' Chinese works of art dating from 12th century B.C. to 18th century A.D., which contradicted the earliest agreement. The reason for this change was that the knowledge of the Chinese art market of the Sub-Committee was still developing during the acquisition stage. Experts such as Julian Thompson not only assisted the British Rail Pension Fund in forming the Chinese art portfolio, but also persuaded the Sub-Committee to increase the size of

²⁵⁴ Archive of Art Investment: AN 198/2, (29.11.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁵⁵ Ibid.

the Chinese art portfolio by emphasizing its significance within the art market and the collecting tradition.

Assumedly the first purchase of Chinese works of art occurred in December 1974, when the Sub-Committee authorized an amount of £50,000 to be spent on a sale to be held on 4th December.²⁵⁶ This purchase was the first recommendation of Chinese art recorded in the archive, which was advised by Julian Thompson. However, bidding on Chinese works of art encountered difficulties at the end of 1974 when the predictions of limited supply made by Sotheby's were demonstrated by increasing prices. As recorded in the archive, the uncertainty which surrounded the market in late 1974, presumably due to the depressed economic environment, appeared to have dissipated and prices were rising while the supply coming to auction in the future appeared to be thin. The results of the existing bidding strategy did not match expectations of the progress of forming the Chinese art portfolio. It was agreed extra efforts should be made to secure a few very important items.²⁵⁷ Therefore, the Sub-Committee adopted a more aggressive bidding system in order to compete with other buyers at auction in 1975. As recorded in the meeting minutes in the archive, the Sub-Committee agreed that throughout the Chinese ceramics class the view was that to achieve success in obtaining the really worthwhile items would need an even more

²⁵⁶ Ibid.

²⁵⁷ Archive of Art Investment: AN 198/2, (17.06.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

aggressive approach in bidding.²⁵⁸ Thanks to these significant pieces purchased under circumstances of targeting ‘worthwhile’ items, the British Rail Pension Fund achieved great success in financial turnover through termination of the Chinese art portfolio.

However, this aggressive bidding approach also caused problems in the acquisition stage, and many internal challenges occurred during this period. One of the most serious challenges was from the Trade Union of the British Railways Board, who questioned the future turnover of several fields of investment in the works of art. According to an interview conducted with Edelstein,²⁵⁹ she attended meetings with the British Railways Board together with Julian Thompson to demonstrate their investment rationale. As the largest non-western works of art in the collection, the challenge and question about this aggressive bidding policy in Chinese art was certainly reasonable. The Sub-Committee needed to defend their intentions through assistance from experts of Sotheby’s. Lewin stated that in response to a question from the Trade Unions regarding the potential long-term investment value of the Chinese items purchased he had asked Mr. Thompson

To prepare an analysis of the present collection and make an appraisal of the future policy...the Sub-Committee’s attention was drawn to the suggested long-term target, which was based on a collection valued at 10 million pounds after 15 years. The problems to be overcome in certain sectors to achieve the projected long-term target, when related to the current failure rate were considered since it was apparent that a

²⁵⁸ Archive of Art Investment: AN 198/2, (30.09.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁵⁹ Interview with Mrs. Edelstein on the 9th November 2013.

considerably more aggressive bidding policy in those sectors would need to be adopted to achieve the portfolio suggested.²⁶⁰

Julian Thompson made a further suggestion on how to aggressively bid on high value Chinese art, according to the archive,

Submissions 2027 and 2028 each dealing with an early Ming blue and white dish were considered. Both items were eminently suitable to the collection, preference should be given to submission 2027 and only if this was unsuccessful should a bid for 2028 be made.²⁶¹

Although there was no archive demonstrating any successful bidding on these items, this alternative purchasing strategy was a selection process, which indirectly reflects the intensity of the competition for Chinese works of art on the market at that time.

Chinese art objects became the largest non-western artworks in the investment portfolio in 1977, occupying 14.1% of the portfolio with spending over £1.8 million, and becoming the second largest category in the portfolio.²⁶² In 1978, the Chinese art portfolio was still suffering from a high rate of failure in auction house bidding and private purchasing, after which the Sub-Committee started to become more active. As Linell stated in the Sub-Committee meeting in September 1978,

A well-balanced collection was emerging though there were gaps within each section which still needed to be filled. During the past season,²⁶³ several important purchases had been made through dealers and bearing in

²⁶⁰ Archive of Art Investment: AN 198/2, (08.03.1976), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁶¹ Ibid.

²⁶² Archive of Art Investment: AN 198/2, (29.09.1977), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁶³ Season 1977- 1978

mind the high proportion of failures at auction, this was considered a most welcome change which, if maintained, augured well for the future.²⁶⁴

The Sub-Committee also contributed a plan for future purchase, which indicated that an additional 30% of allocation of financial resource would be spent on Chinese and Japanese art. According to the archive, the budget for 1978 to 1979 was £8.5 million, which would result in a £34.5 million total investment for the period 1974 to 1979.²⁶⁵ As spending approached £40 million, Chinese export porcelain and Chinese jade attracted attention from the Sub-Committee. These two categories had been very nearly static for a number of years and were excluded in the original structure of the portfolio. Theoretically these two categories should have provided the British Rail Pension Fund with an excellent opportunity to make a portfolio, given their long tradition in the history of collecting and lower price on the art market. However, it was very difficult to determine how long it would be until the market took a significant upward turn, though it seemed probable that the impetus would come principally from Chinese collectors in Hong Kong and Singapore.²⁶⁶ Finally, the Sub-Committee decided to maintain its structure rather than make new acquisitions in additional categories for the Chinese collection in 1978. The archive indicates that 233 pieces of Chinese works of art had been acquired by the British Rail Pension Fund by July 1978, which roughly occupied 10% of the investment allocation. 152 pieces of Chinese works of art belonged to

²⁶⁴ Archive of Art Investment: AN 198/2, (11.09.1978), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁶⁵ Ibid.

²⁶⁶ Archive of Art Investment: AN 198/2, (1978), The National Archives Kew Garden, Report: by expert.

the British Rail Superannuation Fund and 81 pieces of Chinese works of art belonged to the British Rail Wages Grades Pension Fund.

The portfolio was constantly being evaluated by experts from Sotheby's with the assistance of other experts. However, the first periodic review was made by the manager of Lexbourne Limited in 1975 when only £0.6 million had been spent on the acquisition of the portfolio.²⁶⁷ This early periodic review was not only used to monitor the performance of the investment, but also measured the size of the coming market to predict future bidding policy. No formal monetary evaluation of the portfolio was made until the early 1977, when the insurance company started to require formal analysis. The first formal periodic review included several fields of works of art purchased by Lexbourne Limited, of which Chinese works of art was one of the earliest selected categories in the collection. The Sub-Committee concluded that it appeared that the amount spent of £1.65 million since November 1974 was less than planned at the outset last June, but that nevertheless a good start had been made.²⁶⁸ This was a positive review of the performance of Lexbourne Limited.

However, this review conducted in early 1977 also indicated several concerns from the Sub-Committee, one of which was that the Chairman requested an investigation into the possibility of establishing a system for valuing works of

²⁶⁷ Archive of Art Investment: AN 198/2, (24.02.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁶⁸ Archive of Art Investment: AN 198/2, (17.06.1977), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

art which did not depend upon the opinions of Sotheby's experts, another method to avoid conflicts of interest. However, it was agreed in the end to take an experimental trial with Sotheby's, with the possibility of adjustment in the future.²⁶⁹ This could be the main reason to hire external experts such as Giuseppe Eskenazi to join the evaluation team. The only complete review of the portfolio included in the archive was produced by Eckstein in 1980, when the investment was approaching its ceiling, indicating the performance and position of the collection of Chinese works of art. It was also at this time, the term 'collection of Chinese works of art' was formally used in the report to replace 'Chinese art category' or 'Chinese art portfolio'.²⁷⁰ Although there was limited information provided by the archive to demonstrate annual performance of the 'collection', the last review produced by the Eckstein in 1980 depicted the position of the investment in a nearly completed stage. It indicated the strengths and weaknesses of the various categories,

It now seemed impractical to suppose that the various gaps to which attention had been drawn could be closed within the ceiling of 40 million pounds for investment, since less than 3 million pounds remained to be spent. However, the Trustee made their decision to restrict the level of investment.²⁷¹

This review did not mention any significant further acquisition plan for the collection of Chinese works of art, as mentioned,

²⁶⁹ Archive of Art Investment: AN 198/2, (17.01.1977), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁷⁰ Archive of Art Investment: AN 198/9, (18.03.1980), The National Archives Kew Garden, Meeting minutes: investment in Works of art.

²⁷¹ Archive of Art Investment: AN 198/2, (04.03.1980), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

Since the last report was made in July 1978 considerable progress has been made in filling gaps in the various collections and it is now possible to pin point the areas for particular concentration during the closing stage of the investment program.²⁷²

The 'collection' of Chinese works of art had been divided into several fields according to the review in 1980. In the early ceramics sub-category, a few items such as a large pair of glazed Tang earth spirits (Fig.2) and a Tang unglazed dignitary (fig.3) were purchased during this year, but examples of Tang wares were still poorly represented. Song wares were still underdeveloped, although possible purchases would be made if finely carved Guan, Ding and Jun pieces were available in the market. The Yuan and Ming sub-category of the collection was still very underrepresented, as the largest section of this category is blue and white porcelain. More 16th century wares, especially Cheng Hua marked blue and white piece would have been very desirable. The Qing sub-category was one of the more comprehensive sections of the collection. A group of monochromes had been supplemented with new acquisitions of white (fig.4,5,6) and coral-red pieces (fig.7). The 'imperial famille' rose was already strong and the 'imperial famille verte' was much enhanced by new acquisitions. The blue and white section was also large and representative. Chinese export porcelain was still in a depressed market condition, and as a result the British Rail Pension Fund did not offer many export pieces in the sale of 1989. The Chinese works of art sub-category was more diverse, consisting of archaic bronze, lacquer, silver and Ming cloisonné. Potential purchases of Shang or Zhou vessels were made by the manager, together with an additional Ming cloisonné of high quality. In conclusion, the 'collection' of

²⁷² Archive of Art Investment: AN 198/9, (18.03.1980), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

Chinese works of art was almost completed with only a few gaps to fill in at that stage. Edelstein also suggested the possibility of selling some of the relatively minor items acquired at the start of the investment program. Profit from selling old stock at a good rate of appreciation over the period would provide useful funds for reinvestment in the field in important items that would positively enhance the 'collection' as a whole.²⁷³ Although there was no direct evidence indicating any early selling of Chinese art, there is a mismatch between the number of objects within the portfolio of Chinese art in the final catalogue produced for sales in 1989 and this report. It is reasonable to assume that one of the reasons for the mismatch was because the British Rail Pension Fund took the above advice and made several early sales from 1980 to 1989.

Although, as discussed above, the operation was strictly controlled and evaluated annually by the British Rail Pension Fund, it experienced several conflicts in the acquisition stage. These conflicts not only influenced the acquisition of the Chinese art category, but also impacted on the whole operation. The first conflict appeared in 1975, when Sotheby's in U.K. decided to impose a new system of buyer's premium, ten months after the agreement was signed with the British Railways Board. Christie's also imposed a similar buyer's premium system at that time, and these systems were certainly established to increase the turnover of auctions. However, this was also critical to the predicted future turnover of the British Rail Pension Fund as increasing cost from the new buyer's

²⁷³ Archive of Art Investment: AN 198/9, (18.03.1980), The National Archives Kew Garden, Meeting minutes: investment in works of art.

premium directly reduced profit. The first mention of this by the Sub-Committee was in June 1975, when Wilson explained that U.K. auction houses have felt it necessary to impose a commission on purchases from 1st September 1975, as recently the number of items being auctioned had increased but individually were of lower value, thus costs had escalated but turnover was reduced.²⁷⁴ The increase in cost would present the investment with a dilemma, as Lewin elaborated

The costs involved in buying and selling different forms of investments and an illustration of the reduction in the rate of return due to the imposition of these new charges. The expenses associated with works of art were now very much higher than other forms of investment and unless some special arrangements could be made, the whole concept of investing in works of art would have to be called into question.²⁷⁵

After first meeting with Wilson, Sotheby's indicated that it would not be possible for the British Rail Pension Fund to be relieved of the purchase commission because this would distort the market. Negotiations continued until Sotheby's conceded that the British Rail Pension Fund would no longer have to pay seller's commission in the case of sales by auction since Sotheby's would be able to derive an adequate commission at that time from the new purchaser. Other adjustments also made during this period included a 5% commission payable by the British Rail Pension Fund if sales were made in other auction houses. Sotheby's also insisted on charging a 5% commission on any private purchase made during the operation.²⁷⁶ The introduction of the buyer's premium also attracted attention from

²⁷⁴ Archive of Art Investment: AN 198/2, (17.06.1985), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁷⁵ Archive of Art Investment: AN 198/2, (17.06.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

²⁷⁶ Archive of Art Investment: AN 198/5, (01.09.1975), The National Archives Kew Garden, Letter: investment in works of art.

the public as people criticized Sotheby's for taking advantage of the British Rail Pension Fund via its purchasing procedure.

Another major conflict occurred during the late period of acquisition stage, when items recommended by Sotheby's were purchased and found not to be in an acceptable condition, leading to the subsequent engagement of refunds. As the archive indicated, a meeting held on March 1980 stated that the purpose of the previous meeting with Sotheby's was to discuss the request that Sotheby's should accept the return of the Copernicus and place the pension fund in the same position as if the purchase had never been made. This would mean refunding the sterling purchase price plus 20 percent interest which the fund could otherwise have earned on the money.²⁷⁷ Lewin explained his concern further in this meeting that, "it was agreed that the defects in question should have been mentioned before the time of purchase. I said that if we had known of the defects we would not have purchased the book because of possible difficulties in finding a new purchase in due course."²⁷⁸ However Sotheby's pointed out it was the British Rail Pension Fund's responsibility to transport the item back to U.K. as soon as the purchased had been made, when in fact the item was stored in New York for over a year. Lewin thought the storage duration was irrelevant and emphasized that it was the responsibility of Sotheby's to investigate any potential purchase properly, which fact suggested a poorly investigated condition report produced by an external expert hired by Sotheby's New York. As result, Sotheby's accepted the refund

²⁷⁷ Archive of Art Investment: AN 198/9, (13.03.1980), The National Archives Kew Garden, Meeting minutes: Copernicus.

²⁷⁸ Ibid.

request.²⁷⁹ Although it was difficult to investigate the possibility of any other similar circumstances that occurred during the acquisition stage, it was possible that other categories also experienced similar conflicts derived from unsatisfactory condition reports, including the collection of Chinese works of art. As discussed above, there was a mismatch of items in the inventory list that might indicate minor sales of Chinese works of art before 1989. It was also possible that these Chinese artworks purchased through the recommendation of Sotheby's expert did not satisfy the requirement of the Sub-Committee, which resulted in a refund. However, any conflicts occurred during the operational period were resolved within the structure of the investment, which was significant in guaranteeing the future success of the investment.

²⁷⁹ Archive of Art Investment: AN 198/9, (12.03.1980), The National Archives Kew Garden, Letter: from Sotheby's to Lewin.

(ii) Collaboration between the British Rail Pension Fund and Sotheby's in sales in 1989

After the British Railways Board decided to terminate the acquisition stage and started to display objects from the collection in important museums and fairs around the world in 1980, the terms initially agreed between British Railways Board, Lexbourne limited and Sotheby's went through slight modifications. The main aim of the potential sale opportunity was much emphasized by the British Rail Pension Fund, however only after experts from Sotheby's and the manager had examined the possibility of making sales from the portfolio. The general conclusion was that it was too early to contemplate selling. Sales of certain parts of the portfolio, for example the 'collection' of Impressionist, would yield useful gains but the manager advised strongly that better opportunities could be expected later. It would be advisable to wait at least a further five years from 1980 before contemplating sales, but the British Rail Pension Fund thought this question should be re-examined from time to time.²⁸⁰ The trustees of the British Rail Pension fund also noticed that, after acquisition a work of art usually does not appreciate to any great extent during the first three years after purchase but thereafter it tended to appreciate rapidly.²⁸¹ Therefore, the most important task of the collaboration after 1980 was to examine the 'collection' annually and wait for future sale opportunities.

²⁸⁰ Archive of Art Investment: AN 198/8, (25.06.1980), The National Archives Kew Garden, Meeting minutes: future arrangement management.

²⁸¹ Archive of the Trustees of the Funds, AN192/468, (28.05.1981), The National Archives Kew Garden, Meeting minutes: meeting of the trustees of the funds.

While waiting for a suitable sale opportunity, the British Rail Pension Fund started to lend objects to museums worldwide to reduce operational costs and increase the popularity of the portfolio. After 1980, Sotheby's was not closely involved in the loan exhibition arrangements following the disbanding of the Works of Art Sub-Committee and the resignation of Edelstein. Seemingly the only task for Sotheby's was to evaluate the portfolio and the market. Major sales of the British Rail Pension Fund's collection started to appear on the market in 1987, as Old Master prints took their place in June. The result was acceptable from the market, with the return of this sale being 2.5% greater than the inflation rate over the same period.²⁸² The result of the first sale reached the initial target of the investment, which was to outrun the long term inflation rate and to avoid the risk of losses in financial value of the fund. More than 20 sales were presented at Sotheby's from 1987 to 1997.

Although there is no document dedicated to the sale of Chinese object in the archive, the sale catalogue provides a rich description of the collection. The sales of the Chinese works of art collection of the British Rail Pension Fund were divided into two parts. The early part of the collection consisted of early Chinese ceramics, archaic Bronzes, sculpture, silver and lacquer,²⁸³ which was undertaken in London in November 1989. The sale was certainly extremely successful,

²⁸² Eckstein 2008:75.

²⁸³ Sotheby's, 1989. *Important Early Chinese Ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the works of art collection of the British Rail Pension Fund, Sotheby's catalog*, Sotheby's, (12.12.1989).

ranking second in the entire portfolio in terms of financial return, giving the British Rail Pension Fund a return of cash IRR²⁸⁴ 15.8% per year.²⁸⁵ The famous ‘British Rail Pension Fund horse’ was included in the London sale, and the expansion of publicity by the sale of this Chinese Tang horse was certainly stimulated by media reports driven by the establishment of a new record price of £3.74 million for a Chinese work of art sold at auction. A few months before, the latter part of the collection was auctioned in Hong Kong, including Chinese Porcelain, Enamels and Jade Carvings.²⁸⁶ The sale in Hong Kong generated a monetary return of cash IRR 15.4% per year, which made it the fourth most profitable category in the entire portfolio. By the end of 2000, the whole portfolio had received more than £168 million from the art market through various sales, which gave cash IRR 11.3% per year.²⁸⁷ The success of the sales of the Chinese collection of works of art of the British Rail Pension Fund certainly demonstrated the quality and rarity of the objects in the art market, and also the good purchasing price. Moreover, these sales also gained benefits from loan exhibitions in museums and fairs, which established their good provenance. The Chinese Tang horse was only one of the objects that appeared in press reports, yet many other Chinese objects in the collection also sold for much higher than their estimation and attracted attention from the public, which will be discussed in the next chapter.

²⁸⁴ Internal Rate of Return.

²⁸⁵ Eckstein 2008:76.

²⁸⁶ Sotheby's, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, Sotheby's Hong Kong, Sotheby's, (16.05. 1989)

²⁸⁷ Eckstein 2008:76.

Chapter Four: The collection of Chinese works of art of the British Rail Pension Fund

1. The collection of Chinese works of art

Having discussed the purpose and operation of the British Rail Pension Fund's art investment in the Chinese art collection in the previous chapters, it is important to evaluate the outcome, which is the collection itself. The significance of the outcome is not only reflected by the amount of financial capital gained in this category, but also by its significance in the history of collecting, and worldwide exhibitions organized by the British Rail Pension Fund after acquisitions. Although the priority of the collection formed by the British Rail Pension Fund was to secure future financial return for pensioners, the outstanding quality of the Chinese art collection certainly established one of most important provenances in the 20th century. The Chinese art collection established a highly representative profile in the art market, which was enhanced as a result of two sales in 1989, when many important pieces were purchased by important dealers and collectors, and then went to highly regarded institutions such as the Guimet Museum in Paris and the British Museum in London. Furthermore, the reappearance of objects from the Chinese art collection of the British Rail Pension Fund on the current art market has attracted much attention from dealers and collectors. It is necessary to discuss the importance of these objects not only in

terms of their art historical importance, but also for their impact on collecting practice and the art market.

It should be noted that due to insufficient information, it is impossible to reconstruct the complete list of Chinese objects collected by the British Rail Pension Fund. Firstly, the official archive of the British Rail Pension Fund does not contain every recommendation form received from the fund manager and experts of Sotheby's from 1974 to 1980. Secondly, periodic evaluations conducted by the fund manager only provided information on the general status of each individual sub-category in the collection, and excluded a completed inventory list. Thirdly, there is clear evidence of mismatches of objects between museum loan inventory lists and the final sales, as discussed in chapter three. Consequently, this chapter is not aimed at reconstructing the complete inventory list of the Chinese collection collected by the British Rail Pension Fund, but to evaluate a select group of highlight pieces in the collection, and their impact after the sales. This will reveal the general status of the Chinese art collection during the two sales, and also contribute to understanding the various impacts of the Chinese art collection of the British Rail Pension Fund, detailed in the next chapter.

According to the two sales catalogues, the Chinese art collection of the British Rail Pension Fund included 197 lots within 33 sub-categories (Table 1), mostly categorized by medium. An analysis of selective highlights from the collection will be conducted in this chapter in chronological order, based on the auction sales of 1989. These selected groups of objects mainly came from three

‘major periods’, pre-Qin period, Tang and related periods, and Song to the Qing periods, which accounted for most of the financial capital of the Chinese art collection of the British Rail Pension Fund. Compared with objects in other similar categories, these highlights have been displayed at important museums or fairs in the exhibition stage, sold at higher prices, entered important museum or private collections after the sales, and most importantly, have been promoted as the highlights of the collection of Chinese art of the British Rail Pension Fund by Sotheby’s. Undeniably these highlight objects were subjectively selected by experts of Sotheby’s for their higher estimated sales potential. Yet the art market certainly agreed with the view of Sotheby’s and competition in the two sales pushed up the price of these highlighted objects, and moreover, new world records in Chinese art sold at auction were established. The British Rail Pension Fund was also regularly cited and noted by museums, collectors, dealers and auction houses as part of the provenances of these highlight objects. Two catalogues produced by Sotheby’s for the sales in 1989 of the Chinese collection are the most important primary sources used in this chapter. As stated in the archive, archaic Bronze was the first sub-category catalogued in the London sales and also the first genre of Chinese art purchased by the British Rail Pension Fund, thus this chapter will begin its discussion with this sub-category.

2. Chinese Archaic Bronze from the pre-Qin period (before 211 B.C.)

The most important sub-category purchased by the British Rail Pension Fund from the pre-Qin period was Chinese archaic bronze, especially made during the Shang and Zhou dynasties, and which has always played an important role in collections of Chinese works of art in both Chinese and Western societies. The term ‘archaic bronze’ used by the Sotheby’s catalogue referred to a specific period of time, comprising the times of antiquity of Shang, Zhou and Qin dynasties. This term has been commonly adopted in both commercial description and scholarly research into that period. The significance of Chinese archaic Bronze is not only reflected by the historical value of objects, but also by epigraphic and aesthetic values. As required by the recommendation procedure discussed in chapter three, experts from Sotheby’s were required to persuade the Works of Art Sub-Committee to purchase works of art with evidence from the perspectives of art history and history of collecting. In order to understand why the British Rail Pension Fund acquired Chinese bronze objects, especially from the so called ‘archaic period’, it is essential to understand the significance of Chinese bronze produced in the Shang and Zhou dynasties from the perspective of Western society.

The reason for Western interest in Chinese archaic bronze is partly related to the early discoveries of Western explorers in East Asia during the 20th century. Many archaic bronzes and works of art were shipped out from China through both

legal and illegal archaeological excavations during this period. The interest in archaic bronze was certainly enhanced significantly in Western society through research and exhibitions conducted by various major museums and institutions.²⁸⁸ The British Museum and Victoria and Albert Museum in the U.K. not only played pivotal roles in researching Chinese art in the 20th century in general, but also engaged in the display and exhibition of Chinese archaic bronze collected by the British Rail Pension Fund.

However, there is little within the archive of the British Rail Pension Fund to indicate the initial purpose of selecting archaic bronze as one of the major categories of the Chinese collection. The only discussion between the Sub-Committee and Sotheby's in the early stage indicated limited confidence in the bronze acquisition procedure. One of the key reasons for this was that Chinese bronze objects were never systematically studied by *the Times-Sotheby's Index*. According to *the Times-Sotheby's Index*, Chinese categories investigated were divided into Tang figures, Song wares, Ming wares, and famille verte ware, which assumedly reflected the consumption of the major Chinese art market. Chinese bronze was excluded, thus the market did not provide sufficient data for the British Rail Pension Fund to evaluate future trends. After a recommendation made by Julian Thompson, as mentioned in chapter three, the Sub-Committee cautiously decided to include archaic bronze in the Chinese collection of works of art.

²⁸⁸ Scholars such as Perceval Yetts (1878-1957) conducted many important researches on Chinese archaic bronze. Exhibition such as the "International Exhibition of Chinese Art" in Royal Academy of Arts from 1935-36 included many important Chinese bronze at the time.

According to the archive, considering the rising purchasing power of foreign collectors and investors, especially from Japan, a shortage of supply might cause an increase in demand and thus price, in the future. The Sub-Committee agreed to retain the existing annual budget and agreed to pursue only ancient bronzes and sculptures in the most perfect condition.²⁸⁹ As the operation developed, availability on the art market shaped the structure of the collection of Chinese works of art, and Chinese archaic bronze weighed heavier compared with the initial proposal.

Although the official archive does not contain all the purchase history and recommendation forms produced between 1974 and 1980, the archaic bronze catalogued by Sotheby's in the London sale represented the quality and quantity of this sub-category at the termination stage. As result, at the time of the sale, the British Rail Pension Fund's acquisition included nine archaic bronze vessels from Shang and Zhou dynasties, two cast bronze bells from Eastern Zhou dynasty, a bronze dagger and a bronze knife from Shang dynasty, one bronze animal shaped stand from Eastern Zhou dynasty, two bronze mirrors from Zhou dynasty and four other decorative bronze objects from Shang and Zhou dynasties. Other bronze material objects from the later period, including four bronze mirrors from the Western Han dynasty, one bronze mirror and one bronze tiger tally from six dynasties, and two bronze mirrors from the Tang dynasty, are each found in the

²⁸⁹ Archive of Art Investment: AN 198/2, (29.11.1974), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

collection of Chinese works of art.²⁹⁰ According to the catalogue produced by Sotheby's in 1989, the total number of archaic bronzes collected by the British Rail Pension Fund from Shang and Zhou dynasties was twenty with another eight objects from the later periods.

These Chinese bronzes were all colour photographed and well illustrated with provenance, publication, exhibition history and comparative examples in the sale catalogues. Most photographs of archaic bronze vessels are presented as a full-page illustration, with multi-angle photographic shots used for a few higher valued objects. The archaic bronze sub-category attracted attention from major museums right from the beginning of the operation. 12 out of 20 archaic bronze objects were displayed in exhibitions after the acquisition by the British Rail Pension Fund. Major museums such as the British Museum and Victoria and Albert Museum were hugely interested in Chinese archaic bronze objects from Shang and Zhou dynasties, as most of the loan exhibitions containing Chinese archaic bronze were held at these two venues. An archaic bronze bird-headed wine vessel Hu (fig.8) purchased in 1974 was exhibited in the British Museum from 1978 to 1988.²⁹¹ A ritual bronze covered wine vessel Fangyi (fig.10) purchased by the British Rail Pension Fund from the collection of Gladys Lloyd Robinson (1895-1971) was also exhibited on loan to the Victoria and Albert Museum from

²⁹⁰ Sotheby's. 1989. *Important Early Chinese Ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the works of art collection of the British Rail Pension Fund*, (12.12.1989), lot 1-28.

²⁹¹ Sotheby's, 2014. *Chinese through the eye of Sakamoto Goro, a Bronze Owl Hu*, Sotheby's New York, (18.03.2014), pp.50-52.

1977 to 1988.²⁹² Several other objects have been shipped to various museums at different times. A pair of archaic bronze vessels Fangding (fig.11) purchased from the collection of Fred C. Snider (n.d.) sold in New York in 1976 went to the Dallas Museum of Art from 1985 to 1988.²⁹³ A tripod archaic bronze wine vessel He (fig.12) purchased from the collection of Lionel Edwards (1878-1966) and Dugald Malcolm (1917-2000) was displayed in Victoria and Albert Museum from 1978 to 1985,²⁹⁴ and the exhibition continued in the Dallas Museum of Art from 1985 to 1988.²⁹⁵

Sotheby's certainly showed confidence in the bronze objects in the collection during the sale in 1989, indicated by the higher overall estimation suggested in the catalogue for this section. One third of the objects in this sale sold for over £100,000 in 1989 in London were bronze objects.²⁹⁶ Collectors, museums and dealers were enthusiastic about the bronze objects, with many of the items selling for much higher than the estimations. For example, the Fangyi (fig.10) from the Shang dynasty, with slightly flared rectangular shape and a large Taotie mask on a cast Leiwen ground, sold for over £700,000, Compared with the estimation of £200,000 to £300,000. It was the most expensive archaic bronze sold

²⁹² V&A archive, Loans to the Museum, Certificate of items on loan at Far Eastern Department, Submission number 2932, (31.08.1983).

²⁹³ DMA archive, British Rail Pension Fund Loan Descriptions-Dallas, "a pair of archaic bronze Fang Ting 11th century B.C.", (1985).

²⁹⁴ V&A archive, Loans to the Museum, Certificate of items on loan at Far Eastern Department, Submission number 3711, (31.08.1983).

²⁹⁵ DMA archive, British Rail Pension Fund Loan Descriptions-Dallas, "a tripod bronze wine vessel 5th century B.C.", (1985).

²⁹⁶ Sotheby's Sale result, 1989. *Important Early Chinese Ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the works of art collection of the British Rail Pension Fund*, (12.12.1989).

in the collection.²⁹⁷ The British Rail Pension Fund purchased this Fangyi in New York on 23rd October 1976. Before the acquisition, the Fangyi was in the travelling exhibition of the Robinson collection in the United States from 1961 to 1962²⁹⁸ and exhibited in the exhibition of Ancient Ritual Bronzes of China in Los Angeles County Museum of Art in 1976.²⁹⁹ The Fangyi was certainly a representative piece of Chinese archaic bronze vessel made during the Shang dynasty, with sophisticated casting work and highly regarded provenance. The importance of this object is demonstrated by the market demand and competition, which lead to a comparatively high return on financial capital.

²⁹⁷ Sotheby's, 1989. *Important Early Chinese Ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the works of art collection of the British Rail Pension Fund*, (12.12.1989), lot 8.

²⁹⁸ Sotheby's, 1989. *Important Early Chinese Ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the works of art collection of the British Rail Pension Fund*, (12.12.1989), lot 8.

²⁹⁹ George Kuwayama, 1976. "Ancient Ritual Bronze of China", Los Angeles: Far Eastern Council of the Los Angeles County Museum of Art, (01.06.1976), lot 17.

(i) A bronze owl Hu

An archaic bronze owl ritual wine Hu (fig.8) became one of the most significant objects sold in 1989 by the British Rail Pension Fund, not only because it achieved £440,000, the second most expensive lot sold among bronze objects, but also because it had a well established provenance from the end of the 19th century. Moreover, the owl Hu reappeared in Sotheby's New York 2014 with an estimation of \$4,000,000 to \$6,000,000, making it the most significant piece of that season, with a single object catalogue produced.³⁰⁰ However, due to the market conditions in 2014, Sotheby's further reduced the estimation to \$3,000,000 to \$4,000,000 before the sale. The British Rail Pension Fund was quoted as one of the provenances in the 2014 Sotheby's catalogue, and the sale in 1989 was listed as the most recent appearance of the Hu in the auction market.³⁰¹ The owl Hu was the only bronze vessel in the collection of the British Rail Pension Fund in this shape.

The earliest recorded text by a Western scholar on the Hu is from Perceval Yetts (1878-1957) in an article about a "Chinese bronze flagon" collected by Mr. Lionel Edwards. The article was published in *the Burlington Magazine for Connoisseurs* in 1940.³⁰² Yetts outlined its provenance and made a connection

³⁰⁰ Sotheby's, 2014. *Chinese through the eye of Sakamoto Goro, a Bronze Owl Hu*, (18.03.2014), lot18, p.50.

³⁰¹ Ibid, p.26.

³⁰² W. Perceval Yetts, 1940. "A group of Chinese bronze flagons", *The Burlington Magazine for Connoisseurs*, Vol. 76, No. 443, (01.1940), p.38,43-45.

with the previous Chinese collector Wu Yun (1811-1883) from Suzhou in Jiangsu province. He indicated that Wu Yun's catalogue

Entitled *Liang Lei Xuan Yi Qi Tu Shi*(两壘軒彝器圖釋), was the one which has a full account of this flagon, giving detailed measurements, wood cut of the vessel and the two inscriptions it bears-one inside the cover and the same repeated within the body of the vessel on its base.³⁰³

He also compared this Owl Hu with other Chinese bronze of similar shape from the same period, to illustrate the difference in inscription. Yetts pointed out that when Edwards asked him about the inscription, the style of the script "struck him at once as being much older than the style in which the vessel was fashioned, and the inscription on the cover appeared to have been engraved."³⁰⁴ By comparing with the inscription on another vessel, Yetts further concluded that "the inscription was not the vessel's true bottom but on a superimposed metal disc",³⁰⁵ which indicated the inscription was added in a later period. Further deduction and evidence were given by Yetts in the article including mistakes in writing style.³⁰⁶ Assumedly the addition of an inscription to an ancient bronze was for the purpose of enhancing its market value. Questions about the inscription on the owl Hu have been raised several times after Yetts first illustrated his doubt.

It was possible to state that the inscription (fig.9) was added later for various purposes, but comparison with other bronze vessels from the same period suggests the style of the owl Hu itself was probably a prototype of style from the Zhou dynasty. Yetts also mentioned in his research that excavations from Anyang

³⁰³ Ibid: 38.

³⁰⁴ Ibid.

³⁰⁵ Ibid.

³⁰⁶ Ibid: 43.

area demonstrated that the carved stone owl was found in one of the royal tombs. The bronze owl Hu could derive from the same source, where owls “were sacrificed to strengthen the power of dead who had had the owl associated with them as their totem.”³⁰⁷ The later inscription might raise questions about this object, but the market certainly reacted strongly during the sale in 1989 as the competition raised the final price much higher than the estimation. The owl Hu was finally purchased by Sakamoto Goro (1923-),³⁰⁸ a famous Japanese dealer who engaged with the international Chinese art market during this period. The involvement of a Japanese art dealer fulfilled the expectation of the British Rail Pension Fund while devising the structure of the collection, as discussed in chapters two and three. The rising power of Asian countries assisted the two sales of the British Rail Pension Fund’s collection of Chinese works of art in 1989, with many important pieces sold at top prices to Asian dealers such as Sakamoto, Robert Chang (1929-), J. Chang (1951-), Ryoji Hirano (1910-1988), and Shimojo (n.d.).

The owl Hu has also been discussed many times following the research conducted by Yetts. As William Watson pointed out in his research into the owl Hu,

The bronze ritual vessels had a religious and social function. The marks cast on many pieces of Shang date appear to denote persons or clans...designate the vessel for use in sacrifice to an ancestor and are sufficient proof that the veneration of ancestors was not confined to royalty.

³⁰⁷ Ibid: 44.

³⁰⁸ Sotheby’s sale result, 1989. *Important Early Chinese Ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the works of art collection of the British Rail Pension Fund*, (12.12.1989).

By the end of the Shang period a few inscriptions show that a vessel was given by the king to a meritorious subject. At first these awards seem to have been made only by the king. In the Western Zhou period it is clear that they were an essential part of the apparatus of feudal rule. The feudatories copied the royal usage, and from about 900 B.C. bronze vessels were increasingly awarded by the feudal princes at their courts.³⁰⁹

The bronze owl Hu is also presented in this book as a representative example of Chinese ritual bronze associated with animal shape.³¹⁰ All these early pieces of research of Western scholars emphasized the significance of the owl Hu, which assumedly became persuasive evidence during the recommendation procedure, as the Sub-Committee required Sotheby's expert's panel to demonstrate the art historical significance of the piece.

Illustration in Chinese literature of this bronze owl Hu has a long history. Many illustrations were produced by famous connoisseurs and scholars, and these records became highlights for Sotheby's to promote the sale of the owl Hu in 2014, in which the British Rail Pension Fund was noted as part of its provenance. As mentioned by Yetts, the earliest Chinese text illustrating the owl Hu was by Wu Yun in his woodblock illustration study of the ritual vessels. This woodblock printed book consists of twelve volumes of illustrated studies of bronze vessels from Shang, Zhou, Qin, Han, Wei, Tang, Mengshu, and Wuyue periods. It was constructed according to the traditional Chinese epigraphic approach, which demonstrated not only the shape and size of the object, but also interpretations of

³⁰⁹ William Watson, 1962. *Ancient Chinese bronzes*, London: Faber and Faber Limited, p.23.

³¹⁰ Ibid: figure. 64a.

the inscriptions.³¹¹ The owl Hu is also depicted in a late Qing painting (fig.13) by Lin Fuchang (1844-1927), a Suzhou resident who has been known for his outstanding skill in Gongbi or realistic painting style. The Painting is now in the Weng collection, which not only depicted the owl Hu decorated with various flowers, but also indicated the owl Hu's inscription by ink rubbing. The pictorial depiction of the painting was not only limited to precise brushwork applied to the bronze owl Hu, but was also accompanied with flowers for decorative purposes, which embodied the interaction between the owl Hu and its owner. The painting was fashioned in the traditional Chinese literati taste with a combination of ancient object and ink rubbing of the inscription.

There are many Chinese illustrations not shown by the catalogue produced by Sotheby's in 1989, but noticeable in 2014. This owl Hu has been illustrated by Wu Dacheng's (1835-1902) *Ke Zhai Ji Gu Lu* (憲齋集古錄)³¹² in 1896 and Fang Junyi's (d.1899) *Zhui Yi Zhai Yi Qi Kuan Shi Kao Shi* (綴遺齋彝器款識考釋)³¹³ in 1899. However, these provenances certainly did not attract attention from the British Rail Pension Fund and Sotheby's in 1989 since the experts did not cite these provenances in the London sale's catalogue. The 1989 catalogue only contained seven pieces of literature citing the Hu before the ownership of the British Rail Pension Fund, but the catalogue published in 2014 consisted of 19, scholarship about the owl Hu certainly having improved in the intervening years.

³¹¹ Wu Yun, 1872. *Liang Lei Xuan Yi Qi Tu Shi*, Vol. 7, p.1.

³¹² Wu Dacheng, 1896. *Ke Zhai Ji Gu Lu*, vol.13, p.14.

³¹³ Fang Junyi, 1899. *Zhui Zhai Yi Qi Kuan Zhai Kao Shi*, Vol.18, p.7.

However, the loan exhibition in the British Museum from 1978 to 1988 was the only long-term public display of the owl Hu.³¹⁴ Thus, scholars and visitors benefited from viewing the owl Hu in a public museum. The British Rail Pension Fund and experts from Sotheby's agreed with the dating of Watson, which followed his suggestion in his book and dated the owl Hu to fifth or fourth century B.C.³¹⁵ In 1970, archaeologists unearthed a similar bronze Hu from a warring States (457 B.C. to 221 B.C.) tomb in Zhucheng, Shangdong province. The piece has a pear-shaped body with horizontal grooves and moveable handles and bird-head cover, very similar to the owl Hu in the collection of the British Rail Pension Fund.³¹⁶

The collecting history of the owl Hu was another important characteristic used to enhance its provenance. As stated in the 2014 catalogue, the earliest record comes from the collection of Li Hongyi (1831-1885) in the late Qing period. It was then collected by Wu Yun who illustrated it in the *Liang Lei Xuan Yi Qi Tu Shi*, as mentioned above. It is unknown when the owl Hu was collected by the British collector Lionel Edwards before it was sold at Sotheby's London in February 1945 and bought by Ernest Sparks (1894-1970) of John Sparks.³¹⁷ John Sparks sold it to Baron Paul Hatvany (1899-1977) and it was acquired by Eskenazi

³¹⁴ Sotheby's, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989), lot 19.

³¹⁵ Ibid.

³¹⁶ Bi Jingwei, 2015. "Chuan Shi You Ming Tong Qi Bian Wei Yi Ze", *Kao Gu Yu Wen Wu*, Vol.3, fig.2, p.112.

³¹⁷ John Sparks is a London based antique dealer shop, active 1890-1992. See Huang Ching-Yi, 2012. "John Sparks, the Dealer and Chinese Art in England, 1902-1936", PhD diss., SOAS, University of London.

in 1978, and then Eskenazi sold it to the British Rail Pension Fund in 1978.³¹⁸

While it was displaying in the British Museum, the significance of the object was certainly noticed by the curator, as a letter from the museum's archive stated, "there can be no doubt that this is an exceptionally interesting and important piece...if the bronze were accepted on loan it would enable a rare and beautiful type to be displayed alongside better known bronzes of the Eastern Chou."³¹⁹ The British Rail Pension Fund's operation certainly enriched the provenance of the owl Hu.

³¹⁸ Sotheby's, 2014. *The Owl- Headed Hu, Chinese Art Through The Eye of Sakamoto Goro – A bronze owl Hu*, (18.03.2014), p.25.

³¹⁹ The British Museum archive, Loans in: O.A. Chinese ritual Bronze Hu, 46/66/12, (22.03.1979), Letter: from LRH Smith, keeper Oriental Antiquities.

2. Tang and related periods (420A.D.-907A.D.)

The next major period in the collection is works of art from the Tang and related periods. Artworks made within this period are not only limited to the Tang period, but also include a few objects produced in the Six Dynasties (420A.D.-589A.D.). Works of art from the Tang period was one of the major sub-categories that was suggested by the experts from Sotheby's to the British Rail Pension Fund. In the Chinese art collection of the British Rail Pension Fund, this period consisted of three major sub-categories, metal works, Buddhist sculptures and carvings, and ceramic wares. The most notable object collected by the British Rail Pension Fund, the most expensive Chinese artwork ever sold at auction at that time, the Tang horse, was from this sub-category.

A large collection of twelve metal works from the Tang dynasty were collected by the British Rail Pension Fund, and many of them have been displayed on loan in major museums. A set of six gilt-copper decorative ornaments (fig.14) from the Tang dynasty was exhibited on loan at the Victoria and Albert Museum in London from 1980 to 1985.³²⁰ It was previously owned by American collectors Mr. and Mrs. Eugene Bernat (1896-1982) and purchased by the British Rail Pension Fund in November 1980 in New York. Four stone sculptures and carvings were collected by the British Rail Pension Fund, including the famous marble Buddhist votive stele from the Northern Qi dynasty (550A.D.-577A.D.), now

³²⁰ V&A archive, Loans to the Museum, Certificate of items on loan at Far Eastern Department, Submission number 7336, (31.08.1983).

located in the Guimet Museum in Paris (fig.15a-b). Twelve objects in the collection of the British Rail Pension Fund were Tang burial ceramics, which included a polo player (fig.16) and a sancai horse (fig.1). The Tang figure was a major category considered and analyzed by *the Times-Sotheby's Index* in the art market during the late 1960s, which probably was one of the most persuasive pieces of evidence that drove the British Rail Pension Fund into purchasing Tang art.

The Times-Sotheby's Index was certainly aware of the importance of artworks made during the Tang dynasty and published a detailed report on not only the current market for Tang artworks, but also historical record prices made by Tang figures in the 1960s. The index focused on burial artworks and indicated that due to the availability of the market,

The most well known and well loved of figures date from the Tang dynasty are prancing horses, sometimes with riders and sometimes without, and the noble camels with their long, arched necks. But dancers, musicians, ferocious Lokapala and many other figures of the period flock to the saleroom and have shared in the new high prices.³²¹

The index supported its statement of the significance of the Tang figure with market statistics: “the previous record price for a Tang figure, £3,500 for a polo player and chestnut horse at full gallop in 1964, underlines the recent spurt in prices. The polo player was a more rare and elegant price, though it was not as magnificent as the massive horse.”³²² The index also conducted a horizontal comparison with other categories of Chinese art that attracted attention from

³²¹ Geraldine Norman, 1969. “Value of Chinese porcelain”, *The Times*, (06.09.1969), p.21,

³²² Ibid.

collectors and museums such as porcelain and ceramics made during the Yuan, Ming and Qing period. These categorizations did not only embody the understanding of so called 'Chinese Art' during that period, but also later became the cataloguing structure in these two auction sales in 1989.

(i) Metal works

One parcel-gilt silver bowl (fig.17) and dish (fig.18) were presented as the highlights of the metal works in this sub-category. An engraved parcel-gilt silver five-lobed bowl with incised pattern of floral design was collected by the British Rail Pension Fund in 1978, which indicated the great Middle East influence during the Tang dynasty. The roundel pattern, floral design and technique of manufacture clearly marked the fashion of the Middle East area, probably originating in textile. The bowl was sold in London in December 1978 and purchased by the British Rail Pension Fund. It was then displayed on loan at the Victoria and Albert Museum in London from 1979 to 1988.³²³ It was also illustrated by Jessica Rawson's (1943-) exhibition catalogue, "Chinese Ornament, the lotus and the dragon" in the British Museum in 1984.³²⁴ Another parcel-gilt silver leaf shaped dish with relief design of silkworms, flower and birds was also collected by the British Rail Pension Fund in the same year. It was exhibited on loan at the Victoria and Albert Museum London from 1983 to 1988.³²⁵ The bowl and dish were later acquired by the dealer

³²³ V&A archive, Loans to the Museum, Certificate of items on loan at Far Eastern Department, Submission number 6188, (31.08.1983).

³²⁴ Jessica Rawson, 1984. *Chinese ornament, The Lotus and the Dragon*, London: British Museum Publication, fig.102.

³²⁵ Sotheby's, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989), lot 37.

Eskenazi in 1989, the sale prices were £203,500 and £379,500, two of the most expensive objects sold in this sub-category of the collection.³²⁶

Eskenazi was not only acting as the external advisor of the British Rail Pension Fund's art investment program, but also actively bidding on the two Sotheby's auction sales of the British Rail Pension Fund. The prices largely exceeded the estimate suggested by Sotheby's, which reflected the importance of these objects under market competition. These two objects were sold to Swiss collector Pierre Uldry (n.d.) after the sale, who was famous in his collection of cloisonné enamels. Uldry started to actively collect Chinese gold, silver and inlaid bronze objects from the Zhou to Ming after a visit to his home by Eskenazi.³²⁷ He maintained a close relationship with the Rietberg Museum in Zurich and many objects from his collection were contributed on a long-term loan to the museum, including Chinese silver and gold objects.³²⁸ It is unclear where these two objects were in the current Uldry collection, but they appeared in the exhibition Chinese Gold and Silver, the Pierre Uldry collection, in Rietberg Museum in 1994.³²⁹ In this catalogue, the leaf shaped dish was clearly cited with the provenance of the collection of the British Rail Pension.³³⁰

³²⁶ Sotheby's sale result, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989).

³²⁷ Giuseppe Eskenazi, 2012. *A Dealer's Hand*, London: Scala Publisher Ltd, pp.125-126.

³²⁸ <http://www.rietberg.ch/en-gb/collection/departments/china.aspx>, (accessed 08.07.2016).

³²⁹ Albert Lutz and Pierre Uldry, 1994. *Chinesisches Gold Und Silber: Die Sammlung Pierre Uldry*, Zurich: Museum Rietberg, p.161 and p.165.

³³⁰ Ibid: 165.

(ii) Buddhist sculptures and carvings

Buddhist sculpture was another important sub-category from these periods. Although the quantity is comparatively smaller than other sub-categories, with only four sculptures and carvings collected, an important marble Buddhist votive stele (fig.15a) from Northern Qi dynasty was included in the collection by the British Rail Pension Fund. During the operation, many museums and institutions showed their interest in displaying the stele, and the Works of Art Sub-Committee and the managerial team actively arranged exhibitions for the stele to minimize the costs of storage and insurance. As a result this stele was publicly displayed in five different museums in the U.K. and U.S. from 1978 to 1989.

In the stele, the standing figure of the Buddha was depicted in the centre, with a large lotus leaf-shaped mandorla inclined slightly forwards at the tip (fig.15a). The Buddha is flanked by his followers, probably Ananda and Kasyapa, and two Bodhisattvas stand beside two monks.³³¹ All five figures stand on individual lotus petals and backed by the large mandorla. Two Bodhisattvas were originally identified as Avalokitesvara and Mahastamaprapta in the catalogue produced by Sotheby's in 1989.³³² Two large holes were drilled on top of the stand, which possibly indicates two missing components. Thirty-five small figures of

³³¹ Pratapaditya Pal, 1984. *Light of Asia: Buddha Sakyamuni in Asian Art*, Los Angeles: Los Angeles County Museum of Art, p.272.

³³² Sotheby's, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989), lot 31.

Buddha were carved on the back of the stele (fig.15b), each seated in dhyanasana position in a square niche. A larger seated Buddha carved under the middle of the stele is flanked by two branches of Bodhi trees³³³ raised from each side of the Buddha and meeting overhead. Two monks, were depicted on the side of the tree, holding Anjali mudra. Two vertical inscriptions (fig.15c) were written probably by the patron of the stele, to indicate date, purpose of making. Four seated figures were carved in individual niches on the stand on the back of the stele. The catalogue suggested that it was a possible depiction of the eight Spirit Kings,³³⁴ Pratapaditya Pal (1935-) agreed to this assumption in the exhibition catalogue.³³⁵ Pigments were also applied to the back of the stele, especially visible on the robe of the Buddha, tree branches, and two disciples.

The earliest illustration of the stele was probably from the exhibition of Ancient Chinese sculpture at the Eskenazi's London gallery in 1978.³³⁶ The stele was on the cover page of that year's sale catalogue from Eskenazi. It was then purchased by the British Rail Pension Fund in the same year and immediately loaned to the Victoria and Albert Museum in London. The stele was then exhibited in the Victoria and Albert Museum from 1978 to 1984, and later shipped to the United States to be exhibited in the travelling exhibition "Light of Asia: Buddha Sakyamuni in Asian Art" at the Los Angeles County Museum, the Art Institute of

³³³ Pal 1984:273.

³³⁴ Sotheby's, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989), lot 31.

³³⁵ Pal 1984:273.

³³⁶ Eskenazi, 1978. *Ancient Chinese Sculpture*, Uxbridge: Hillingdon Press, pp.46-9.

Chicago, and the Brooklyn Museum in New York from 1984 to 1985.³³⁷ This was an extremely important exhibition at that time, with objects borrowed from important collections all around the world. It was then exhibited on loan at the Dallas Museum of Art afterward and returned to London before the sale of 1989.³³⁸ Undoubtedly exhibitions of the Buddhist votive stele around the world attracted much attention from collectors, dealers, and museums, which quite possibly increased the potential return through sales at termination. The sale result proved that the exhibition of the stele was a successful way to promote the piece. Moreover, these exhibitions contributed to research into the Buddhist stele by institutions and public educators, such as the exhibition catalogue written by Pal. The stele was purchased by Japanese dealer Hirano with the third highest price paid at the sale in November 1989, and eventually collected by the Guimet museum. The Buddhist votive stele is currently displayed in the Buddhist art section of the Guimet museum in Paris.³³⁹ Even though the British Rail Pension Fund did not dedicate much attention or financial capital on Buddhist sculpture and carving, these objects resulted in a comparatively strong return in 1989.

³³⁷ V&A archive, Letter from Mrs. Valerie Evans to Mr. Peter Bass, (01.07.1983), ref:5701; also see Pratapaditya Pal, 1984. *Light of Asia: Buddha Sakyamuni in Asian Art*, Los Angeles: Los Angeles County Museum of Art, pp.272-3.

³³⁸ Sotheby's, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989), lot 31.

³³⁹ Guimet Museum: MA 6346, currently on display.

(iii) Ceramic wares

Ceramics was the third important media acquired by the British Rail Pension Fund from this period. A large group of objects were collected by the British Rail Pension Fund in this sub-category, ranging from funerary figures³⁴⁰ to black-glazed jars.³⁴¹ The highlight of the Tang ceramics and the whole collection of Chinese art of the British Rail Pension Fund was certainly the Tang horse. This Sancai glazed horse was on the cover of the London sale catalogue in 1989, previously owned by Giuseppe Eskenazi, and sold to the British Rail Pension Fund in 1978 for £125,000.³⁴² The buyer of this Chinese glazed horse paid £3.74 million in 1989, which meant it set a new world record price for a Chinese art sold at auction. Measuring 68 centimeters high and 76.3 centimeters long, the horse is a large burial figure for tombs in the Tang dynasty. As recorded in the catalogue, it is rare to find a large horse of this type, with this striking dark brown glaze and reserved white markings.³⁴³ Although the horse was not in perfect condition, legs, tail and ears were repaired, three ornaments reattached and some chips to saddlecloth,³⁴⁴ Sotheby's was confident in the London sale, giving the horse an estimated sale price of one million British Pounds. Craftsman in the Tang dynasty

³⁴⁰ Sotheby's, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989), lot 51.

³⁴¹ Ibid: lot 66.

³⁴² Giuseppe Eskenazi, 2012. *A Dealer's Hand*, London: Scala Publisher Ltd, p.52.

³⁴³ Sotheby's, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989), lot 56.

³⁴⁴ Ibid: lot 56, conditions.

certainly held a special interest in horses, according to the 1989 sale catalogue, yet few refined pieces of a similar size have survived today.³⁴⁵ From the history of collecting point of view, it is true that not many large Tang horses have survived and most museum collections only hold one example at such scale.

The competition between collectors of large Tang horses had started before the British Rail Pension Fund entered the art market. As Reitlinger pointed out, “a new world’s record for a piece of pottery (as opposed to porcelain) because a Tang horse had been sold for £16,000”³⁴⁶ in 1969. He also recorded that a similar Tang horse was also sold in 1969 in New York for £13,333.³⁴⁷ Compared with other Chinese ceramics, these two Tang horses sold much higher at that time.³⁴⁸ After purchasing the Tang horse from Eskenazi, the British Rail Pension Fund shipped the horse along with other Chinese works of art to the Dallas Museum of Art for a loan exhibition running from 1985 to 1988. It became the centrepiece for the museum to promote the loan exhibition.³⁴⁹

The horse attracted attention before the sale as an astonishing event happened during its Hong Kong travelling exhibition to promote the sale in 1989. During this travelling exhibition, many objects were shipped to Hong Kong in the early 1989 as part of a preview to promote the London sale, and the horse was

³⁴⁵ Ibid: lot 56.

³⁴⁶ Gerald Reitlinger, 1982[1970]. *The Economics of Taste*, Vol.3, New York: Hacker Art Book, pp.429-30.

³⁴⁷ Ibid: 430.

³⁴⁸ Ibid: 429-67.

³⁴⁹ Anne R. Bromberg, 1985. “Looking at art: Tang ceramics figures: Bright Images for the Grave”, *Fall Bulletin DMA*, pp.14-15.

stolen from a warehouse in Hong Kong before it was about to be shipped back to London for sale. As the highest valued object in the collection of early Chinese ceramics of the British Rail Pension Fund,³⁵⁰ the media reported on the theft, raising awareness of the value of early Chinese ceramics amongst the public. As *The Daily News* reported,

A 1,200 years old Tang dynasty porcelain horse worth more than 1.3 million US dollars has been stolen from a warehouse in Hong Kong. A company spokeswoman said the piece was very well known and was flown to Hong Kong for showing at a preview for a local auction of Chinese antiques. The horse, stolen the day before it was to be flown back to London, belongs to the British Rail Pension Fund and was to be auctioned in Dec. 12 in London.³⁵¹

The Glasgow Herald further reported the theft with details and a large illustration of the horse, stating that police said

Four men brandishing knives broke into the warehouse on Tuesday night, tied up two staff members, and fled with a number of antiques, including the horse. The value of the haul was said to be in the region of £2 million.³⁵²

The horse was not the only antique stolen from the Hong Kong storage, but it was certainly the most expensive and important antique from the collection British Rail Pension Fund and attracted significant attention from the media.

The British Rail Pension Fund immediately announced that the horse was fully insured and fund members would not suffer as a result of the theft.³⁵³

³⁵⁰ The horse estimated between £750,000 to £1,000,000.

³⁵¹ Daily News, 1989. "Tang Dynasty Porcelain Horse Stolen in Hong Kong", *Daily News*, (16.11.1989), p.4.

³⁵² Jonathan Rhys Evans, 1989. "BR fund's £1m antique stolen", *The Glasgow Herald*, (16.11.1989), p.9.

³⁵³ Ibid: 9.

Inventory lost certainly raised concerns from the public and moreover, the pensioners. It was important for the British Rail Pension Fund to claim that the value of the object was secured by insurance. Fortunately the Hong Kong police solved the crime and arrested the three thieves who had taken the Chinese Tang horse away from the warehouse, thus the horse appeared in the preview of the auction on 10th December 1989. As Eskenazi recorded the incident in his book,

The horse was held to ransom, Guiseppe offered to pay the ransom on behalf of Sotheby's so the horse would not be harmed. Fortunately after an intensive undercover operation by the Hong Kong police, the thieves were tracked down and the horse rescued unscathed in time for the London sale.³⁵⁴

The Glasgow Herald followed up the story the next day

A magnificent eighth century Chinese pottery horse was recovered from thieves only just in time to reach Sotheby's Bond Street auction rooms. Yesterday it sold for £3.74m, a world record for a Chinese work of art...bidding for the Tang dynasty horse was fierce and it was eventually knocked down to leading Tokyo dealer Shimojo. Most of the items in the sale, which was from the British Rail Pension Fund collection, sold well above estimates.³⁵⁵

The New York Times released a report on auctions a few days later, "A Tang horse stolen from a shipper's warehouse in Hong Kong sold in Sotheby's in London for \$5.95 million...For the seller, the British Rail Pension Fund, the horse' price represented a considerable profit."³⁵⁶ The value of the horse had increased almost thirty times in 11 years.

³⁵⁴ Eskenazi 2012:52-53.

³⁵⁵ *The Glasgow Herald*, 1989. "£3.7m Paid for Pottery Horse", *The Glasgow Herald*, (13.12.1989), p.3.

³⁵⁶ Rita Reif, 1989. "Auctions", *The New York Times*, (22.12.1989), (accessed 09.07.2016), <<http://www.nytimes.com/1989/12/22/arts/auctions.html>>.

The sale of Chinese works of art of the British Rail Pension Fund collection in “Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer” was certainly extremely successful, giving the British Rail Pension Fund an average return of 15.8% per year.³⁵⁷ The Tang horse became a major contributor towards the final sale result. As Eskenazi recorded in his book, “...it [the Tang horse] may well also have produced the highest return, to this date, on a publicly verifiable investment in Chinese art.”³⁵⁸ Clearly, the expansion of publicity for the sale of this Chinese Tang horse formerly collected by the British Rail Pension Fund was stimulated by media reports. The new record of Chinese works of art at auction pushed the market to a new peak, yet it was not the first time that the British Rail Pension Fund had exhibited the Tang horse to the public; the collection had been highly recognized in the field of Chinese art, particularly after 1980, when many objects were publicly loaned to various museums and institutions for exhibitions, as demonstrated in this chapter. The Chinese collection of the British Rail Pension Fund had previously built up a well-established provenance by exhibiting in museums and participating in fairs. Thus the monetary return on the Chinese collection has led to further appreciation of the value of these works. However, the Tang horse did not attend as many exhibitions as other important pieces, it was stored at the central storage after acquisition from Eskenazi in 1978 and not revealed to the public until 1985. There were also other objects in the British Rail Pension Fund’s Chinese art collection that sold well above their estimates, but the Tang horse with its record price and astonishing

³⁵⁷ Eckstein 2008:76.

³⁵⁸ Eskenazi 2012:53.

adventure, created one of the most attractive stories for collectors and dealers to circulate even today. As Shimojo stated “he was bidding for a man whom he would identify only as 70 year old Tokyo real estate investor.”³⁵⁹ The current status of the Tang horse is unknown.

³⁵⁹ Rita Reif, 1990. “In booming auction market it's ignore the costs, full speed ahead”, *Washington Observer-Reporter*, (04.03.1990), F-8.

4. Song to Qing periods

The most important type of objects in the British Rail Pension Fund's collection of Chinese art from the Song to Qing periods was ceramics. The collection consisted of a large proportion of ceramics produced during these periods. It was impossible to exclude ceramics if considering collecting Chinese works of art, as western society had been deeply interested in the field for a long period of time. Chinese ceramics have not only made a significant contribution to Chinese material culture and history of art, but also played an important role in the global history of object circulation and early globalization. Chinese ceramics are regarded as one of the most important categories in the Western art market by collectors, dealers and museums, with worldwide participants. As the *Times-Sotheby's index* pointed out, "Chinese ceramics are a far more international market than either British or European porcelain. In addition to Britain and the United States, they are collected most avidly in Japan and other parts of Asia, but there are keen markets in Portugal, France, and Scandinavia."³⁶⁰ China and Britain first traded ceramics via sea voyage as early as the 17th century, and this long engagement stimulated the history of collecting of Chinese ceramics by increasing demand due to direct trade with China. As Stacey Pierson pointed out, "the material has had a notable impact on both culture and society which is still being

³⁶⁰ Geraldine Norman, 1968. "Ming delights the intellectuals", *The Times*, (03.09.1968), p.17.

felt today. It is closely associated here [Britain] with tea drinking, fine tableware, interior decoration and even collecting as a field of specialization.”³⁶¹

In order to satisfy the fashionable need for Chinese ceramics and porcelain, frequent trade with China in the material began in the seventeenth century onward.³⁶² The first discussion of Chinese porcelain as a category of collectible item appeared in Britain in 1850 while Joseph Marryat published his book of “Collections towards a history of pottery and porcelain”. As a porcelain collector, Marryat found that the lack of information about porcelain made in different regions stimulated him to construct a guide for collecting Chinese porcelain.³⁶³ Chapter VI of his book presented a general introduction of Chinese porcelain, followed by a discussion of the interaction between Chinese porcelain and European countries. He also introduced Chinese porcelain by different glaze type accompanied by illustrations as examples for readers.³⁶⁴ As to the long tradition of collecting Chinese porcelain in European countries, it gave a reasonable explanation as to why European countries had a keen market for Chinese porcelain during the 1960s. Sotheby’s was certainly aware of the importance of Chinese ceramics in the art market during the 1970s, and persuaded the British Rail Pension Fund to include Chinese ceramics and porcelain at an early stage while building the collection.

³⁶¹ Stacey Pierson, 2007. *Collectors, collections and museums-the field of Chinese ceramics in Britain, 1560-1960*, Switzerland: Peter Lang, p.9

³⁶² Ibid: 17.

³⁶³ Joseph Marryat, 1850. “Collections towards a history of pottery and porcelain: in the 15th, 16th, 17th, and 18th centuries: with a description of the manufacture, a glossary, and a list of monograms”, London: John Murray.

³⁶⁴ Ibid: 95-127.

The development of connoisseurship in Chinese art in Britain enhanced the understanding of Chinese ceramics and porcelain, which developed the market for collectors, dealers and museums. The development in scholarship in the early 20th century proved to be pivotal for Chinese art as various collections and research associations were established during this period, and many of them sold their collections through auction houses and dealers. These collections established important provenance, which the British Rail Pension Fund certainly benefited from. The most important establishment of Western scholarship in Chinese ceramics was the foundation of the Oriental Ceramics Society during the 1920s. The influence of the Oriental Ceramics Society (OCS) is clear, as many objects in the Chinese collection of the British Rail Pension Fund had been collected or exhibited by members of the OCS. For example a Cizhou bowl (fig.19) from the 11th or early 12th century was formerly collected by Alfred Clark (1873-1950) and exhibited in the OCS exhibitions of Song art in 1949³⁶⁵ and 1960.³⁶⁶

The structure of the Chinese collection strongly accorded to the market environment current during the 1970s. According to research by *the Times-Sotheby's Index*, the art market was built up on the data of trading activities of earlier collectors, dealers, and museums, and this had significant, though indirect, influence on the structure of the Chinese collection of the British Rail Pension

³⁶⁵ Oriental Ceramics Society, 1949. *Song Dynasty Wares: Ting, Ying Ch'ing and Tz'u Chou*, London: Oriental Ceramics Society. catalogue, No.99.

³⁶⁶ Oriental Ceramics Society, 1960. *The Arts of the Sung Dynasty*, London: Oriental Ceramics Society, catalogue, No.86, illustrated plate.35.

Fund, especially in the porcelain section. As discussed in chapter two, *the Times-Sotheby's Index* categorized the porcelain market into Tang ceramics, early Ming porcelain, Song porcelain and decorative Qing porcelain.³⁶⁷ Through assistance from Sotheby's, the British Rail Pension Fund categorized its porcelain and ceramics collection into two major sections: the first section was earlier ware including Tang and Song pieces, the second section was later ware including porcelain produced within Yuan, Ming and Qing dynasties. Tang ware has already been discussed above, and this section will focus on ceramics made in the Song, Yuan, Ming and Qing periods. Since this category includes a large quantity of objects covering a wide range of periods, a selection of highlights from each period will be discussed in chronological order.

³⁶⁷ Geraldine Norman, 1968. "Ming delights the intellectuals", *The Times*, (03.09.1968), p.17.

(i) Song Ceramics (960-1279)

Ceramics produced in the Song period not only represented innovations in ceramics techniques, new materials, and increasing patronage activities, but also embodied the reflection of a comparatively wealthy, stable and well-educated society, whose commercial activities stimulated the growth of ceramics productions. It is worth noting that the Song dynasty was divided into two parts, Northern and Southern Song, which were existed parallel to Liao (907-1125) and Jin (1115-1234) dynasties. The sub-category of Song ceramics was not categorized in chronological order but by different kiln or glaze type. As suggested by the *Times-Sotheby's Index*, the production of different kilns did not result in the same monetary return from 1950s to 1960s. As a result, Qingbai pieces produced during the Song period which had been recovered in large quantities from graves and excavation, effectively depressed its value. Southern celadon wares, which refer chiefly to Longquan ware, were produced in Zhejiang province. Northern wares such as Ding wares have increased in value enormously because they never were exported to European countries. A carved Ding ware shallow bowl increased its value from £450 to £6,500 between 1957 and 1968. However, classic wares, such as Jun items, had gone rather out of fashion.³⁶⁸ The limitation of this conclusion was undoubtedly obvious, because it was based on insufficient data and lacked detailed analysis such as quality, rarity and provenance, but it was the only public quantitative analysis of the art market during that period, which provided

³⁶⁸ Ibid.

important information for the British Rail Pension Fund while devising the structure of the collection.

Ceramics produced in the Song period consisted of seven sub-categories: Liao ware, Ding and related wares, Cizhou ware, Yaozhou ware, Jun ware, Longquan and related wares, and Julu ware (Cizhou type). Ding and related wares outnumbered any other type of kilns in the Song ceramics section. Sotheby's and the British Rail Pension Fund seemed to favour sophisticated painting and carving techniques as many Song ceramics in the collection are decorated with these techniques. A carved slip-decorated Ding ware Meiping (fig.20) from Northern Song dynasty fetched over £1.3 million in the sale, which was the second highest price after the Tang horse in the London sale. Two different colours of slip were applied on the body of the vase. The olive-brown slip was carved away to reveal the creamy white slip underneath. Three large peony blossoms were surrounded by trefoil leaves and brown pigments were carved away to give details of the blossoms and leaves. It is a representative piece reflecting the fashion of applying abstract patterns of different flowers through incising, molding and painting on the surface of ceramics.³⁶⁹ The white glaze background provided the brown pigment with better visibility, which increased the texture of the surface of the vase. It was not a new innovation of the Song period to combine two colours to create another dimension on the surface of ceramics, Song ceramics inherited the tradition of

³⁶⁹ Stacey Pierson and S.F.M. McCausland, 2003. *Song Ceramics Objects of Admiration*, London: School of Oriental and African Studies, p.13.

making ceramics with white glaze from the Tang period, and simply improved on the design and technique.

The slip-decorated Ding ware vase was formerly collected by American collector Eugene Bernat, and sold through Sotheby's New York in November 1980. The vase was probably one of the latest acquisitions of the British Rail Pension Fund in the collection of Chinese works of art as the purchasing procedure terminated in 1980. The provenance of the vase could be traced back to 1947, when the Museum of Fine Art in Boston exhibited the piece on loan from Mr. Mrs. Eugene Bernat.³⁷⁰ The vase had been owned by Eugene Bernat for over thirty years, and involved in many exhibitions around the world. It had been exhibited in Currier Gallery of Art in Manchester in an exhibition of Chinese ceramics of the Song Dynasty in 1959.³⁷¹ It had also been exhibited in Osaka Japan, where a loan exhibition of One Hundred Selected Masterpieces was held in 1961.³⁷² It was then shipped back to the U.S.A in the following year and exhibited in the exhibition of "The Art of Southern Sung China" in Asia House Gallery in New York in 1962.³⁷³ It had also been illustrated many times by scholars during the 1960s. Lee illustrated the vase in a comparison study of slip decoration in various Ding wares

³⁷⁰ Eugene Bernat, 1947. *Chinese Ceramics Lent by Mr. and Mrs. Eugene Bernat*, Boston: Museum of Fine Art Boston, No.98, illustrated plate.8.

³⁷¹ Kristian Jakobsen, 1959. *Chinese Ceramics of the Sung Dynasty, 960-1279*, Manchester: Currier Gallery of Art, No.20.

³⁷² Nihon Keizai Shinbunsha, 1961. *Chinese Ceramics: A loan exhibition of one hundred selected masterpieces*, Tokyo: Nihon Keizai Shinbunsha, No.2.

³⁷³ James Cahill, 1962. *The Art of Southern Sung China*, New York: Asia House Gallery, No.45.

in 1960³⁷⁴ and Japanese dealer Mayuyama included the vase in his research on Chinese ceramics masterpieces in European and American collections in 1960.³⁷⁵ Garner and Medley further illustrated the unique decoration style of the vase in 1969.³⁷⁶

These exhibitions and illustrations certainly enhanced the provenance of the vase, reflected in the competition at auction in 1989. The bidding for this vase was between Eskenazi and Shimojo, with the Japanese dealer outbidding Eskenazi and purchasing the vase for a £1.3 million hammer price.³⁷⁷ The vase re-sold at Christie's in Hong Kong in 1994³⁷⁸ for HK\$ 9.7 millions (approx. £800,000), which was the most expensive object sold in that sale. It was then purchased by the Meiyintang collection, a private collection formed by Swiss businessmen Stephen Zuellig(1917-) and Gilbert Zuellig(1918-2009).³⁷⁹ Meiyintang has been regarded as one of the highly regarded private collections of Chinese art formed outside of

³⁷⁴ Jean Gordon Lee, 1960. "A slip-decorated Ting pillow in the Philadelphia Museum of Art, and some related pieces", *Far Eastern Ceramics Bulletin*, Vol. XII, No.43, (June-Dec, 1960), pl. XI.

³⁷⁵ Junkichi Mayuyama, 1960. *Chinese ceramics in the West: a compendium of Chinese ceramic masterpieces in European and American collection*, Tokyo: Mayuyama & Co, No.31.

³⁷⁶ Harry M. Garner and Margaret Medley, 1969. "Chinese Art in Three-Dimensional colour", *Asia Society*, Vol. III, Reel 26, No.3.

³⁷⁷ Sotheby's sale result, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989)

³⁷⁸ Christie's, 1994. *Fine Chinese Ceramics*, Hong Kong: Christie's, (31.10.1994), lot 527a.

³⁷⁹ Regina Krahll, 1994-2010. *Chinese Ceramics from the Meiyintang Collection*, Volumes I, II, III, and IV. London: Azimuth Editions, London: Paradou Writing Ltd.

China.³⁸⁰ The vase is currently loaned to the newly designed Chinese department in Rietberg Museum in Zurich from January 2013, with another 1,600 ceramic works.³⁸¹ The British Rail Pension Fund became an important part of its provenance. Later catalogues often quoted the provenance of the British Rail Pension Fund,³⁸² and it is exhibited in major museums as a significant and representative piece from the Song period.

Cizhou ware was another category highlighted within the collection of the Chinese works of art of the British Rail Pension Fund. Even though the number of objects was small, a sgraffiato vase (fig.21) from Northern Song dynasty contributed £825,000 towards the final sale, making it the fourth most expensive item sold in November 1989.³⁸³ Cizhou ware was manufactured at a great number of kilns in Hebei, Henan, Shaanxi, Shanxi and Shandong provinces during the Song, Jin Yuan and Ming dynasties.³⁸⁴ Even though it was mass-produced probably as a liquid container, the rare pieces still attract collectors from different countries. As Kerr stated,

³⁸⁰ The Economist, 2011. "Meiyintang marvels: The finest private collection of Chinese porcelain in the West is about to be sold", *The Economist*, (03.17.2011), (accessed 18.09.2016), < <http://www.economist.com/node/18385704> >.

³⁸¹ <http://www.rietberg.ch/en-gb/collection/meiyintang-collection.aspx>, (accessed 18.09.2016).

³⁸² Krahl 2006: Vol.3, part 2, lot.1440.

³⁸³ Sotheby's sale result, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989).

³⁸⁴ Kerr Rose, 2004. "Camellia Flowers on a Prunus Vase: the life history of a Cizhou ware bottle", *Song ceramics: Art History, Archaeology and Technology*, Edited by Stacey Pierson. London: School of Oriental and African Studies, p.10.

Over the years, some categories of Cizhou have garnered higher appreciation than others in Japan. For example, finely executed Sgraffito decoration in black-and white or with green glaze is admired, as are forms such as bowls with pronounced footings and elegant high-shouldered meiping. Such pieces have been designated Important Cultural Properties in Japan.³⁸⁵

Cizhou ware was famous for its unique and representative technique of decoration. Similar surface treatment has been applied on different media in earlier periods, such as silver and other forms of metal, which indicated the early adaptation of techniques from the Middle East region. As Tregear mentioned, the incised decoration used by Cizhou potters in Hebei is derived from a different tradition than Ding ware and Yaozhou ware. “The line is incised through the slip only, and the style is much more closely related to engraved decoration on objects made of precious metal from the Tang and Five dynasties period.”³⁸⁶ The best evidence indicating the connection of surface decorative treatment between metalwork and Cizhou ware is the imitation of the ring-punch effect, which created a little circle on the surface of the glaze to form a repeated pattern. But the sgraffiato vase in the British Rail Pension Fund’s collection used another decorative technique which is called the ‘cut-away’.³⁸⁷ It is a technique of incising slip to clear the surface glaze away to create contrasts on the surface of the vase, which emphasizes the depth of the abstract pattern. The ‘cut-away’ technique formed four large blooms on the body of the vase, and connected them with an abstract design of curly trefoil-shaped leaf patterns. The angled shoulder of the

³⁸⁵ Ibid: 22.

³⁸⁶ Mary Tregear, 1983. *Song ceramics*, London: Thames and Hudson, pp.26-27.

³⁸⁷ Ibid: 27

vase bears a similar carving design, depicting four blooms divided by curling leaves. The carving designs on the body and shoulder of the vase, strongly contrast with the long and narrow neck and dished mouth. A few more flower patterns are also carved on the bottom of the vase.

The Cizhou Sgraffiato vase had a well-established provenance before being collected by the British Rail Pension Fund. According to the catalogue, the vase was formerly in the collection of the Museum of Fine Arts Boston in the U.S., and has been illustrated many times by both Chinese and Western scholars. The earliest publication containing the vase was “Les Arts de la Chine” in 1937.³⁸⁸ It was an introductory book written by French scholar Lion-Goldschmidt with various illustrations of Chinese works of art. She illustrated the vase again in her “Les Poteries et Porcelaines Chinoises”.³⁸⁹ Thomas Dexel also included the piece in his work of “Die Formen Chinesischer Keramik”.³⁹⁰ Chen Wanli, a ceramics scholar from the Beijing Palace Museum, illustrated the vase in his work of “Song Dai Bei Fang Min Jian Ci Qi(宋代北方民窑瓷器)”. This was a book introducing ceramics produced in so-called ‘popular kilns’ as opposed to ‘imperial kilns’ in the Northern part of China.³⁹¹ Exhibition of the vase continued after acquisition by the British Rail Pension Fund, with a loan to the Victoria and Albert Museum in

³⁸⁸ Daisy Lion-Goldschmidt, 1937. *Les Arts de la Chine*, Paris: Editions Plon, p.60.

³⁸⁹ Daisy Lion-Goldschmidt, 1957. *Les Poteries et Porcelaines Chinoises*, Paris: Presses Universitaires de France, plate. XA.

³⁹⁰ Thomas Dexel, 1955 *Die Formen Chinesischer Keramik*, Tübingen: Verlag Ernst Wasmuth, p.61.

³⁹¹ Chen Wanli, 1955. *Song Dai Bei Fang Min Jian Ci Qi*, Beijing: Zhao Hua Mei Shu Press, pl.19.

London from 1978 to 1988.³⁹² Mino³⁹³ and Medley³⁹⁴ illustrated the vase again while it was displayed in the Victoria and Albert Museum. As mentioned above, Cizhou ware certainly was one of the most favored Chinese arts among Japanese collectors, and it was purchased by Japanese dealer Shimojo in 1989. The vase was resold again at Hong Kong by Sotheby's in November in 1997³⁹⁵ and was then purchased by the Meiyintang collection.³⁹⁶

³⁹² V&A archive, Loans to the Museum, Certificate of items on loan at Far Eastern Department, Submission number 5394, (31.08.1983).

³⁹³ Yutaka Mino, 1981. *Freedom of Clay and Brush Through Seven Centuries in Northern China: Tz'u-chou Type Wares 960 - 1600 A.D.*, Bloomington: Indianapolis Museum of Art, fig.17.

³⁹⁴ Margaret Medley, 1978. "Sgraffiato and Painting in Tz'u-chou wares", *Decorative Techniques and Styles in Asian Ceramics, Colloquies on Art and Archaeology in Asia*, London: Percival David Foundation of Chinese Art, No.8, p.66.

³⁹⁵ Sotheby's, 1997. *Fine Chinese Ceramics and Works of Art*, Hong Kong: Sotheby's, (01.11.1997), lot.1360.

³⁹⁶ Krahl 2006:Vol.3, part 2, lot.1531.

(ii) Yuan Porcelain (1271-1368)

Ceramics produced in the Yuan dynasty was another important sub-category of the collection of the British Rail Pension Fund. Yuan was the period of Mongol rule in China, which had a dramatic impact on the forms of works of art produced in China. Traditionally viewed as a dark period for Han Chinese, especially well-educated scholars, due to the strict hierarchy system introduced into Yuan society, the Yuan court nevertheless continued to act as a major patron of the arts.³⁹⁷ Although well educated Han literati might not be as persuaded as before to serve under the court, the emergence of a newly innovative literati taste influenced literature, drama, visual art, and as well as porcelain. Many innovations of porcelain making appeared during the Yuan period, among them blue and white was probably the most influential type of porcelain, from a global perspective. However, the *Times-Sotheby's Index* did not conduct any research on the issue of market statistics on Yuan pieces from 1968 to 1970, so there was insufficient information for the British Rail Pension Fund to understand the market of Yuan ceramics. That said, the Yuan period was certainly one of the important eras of porcelain production in China. So it was reasonable for the British Rail Pension Fund to include several representative pieces from the period to enhance the collection of Chinese works of art.

³⁹⁷ Shane McCausland, 2014. *The Mongol Century-Visual Cultures of Yuan China, 1271-1368*, London: Reaktion Books Ltd, p.184.

The section of Yuan ceramics contained four different groups: Shufu ware, Yingqing (Qingbai) and related ware, Longquan ware and underglaze-blue ware. Shufu wares contained a dish and a bowl with mould pattern decoration, which was a fashionable type of decoration in the Yuan period. Shufu ware adapted the technique of making white glaze ceramics with white clay in Jingdezhen, and was probably commissioned by the court. Scholars have argued that the term shufu is an abbreviation of Shumiyuan, a bureau of military affairs in the Yuan government.³⁹⁸ There were two pieces of Shufu ware in the British Rail Pension Fund's collection, and both sold above their estimates.³⁹⁹ A relief-decorated Yingqing vase (fig.22) from the Yuan dynasty, with a pair of geese holding a millet stalk in their beaks, was purchased by the British Rail Pension Fund in July 1979. It was then exhibited on loan at the Victoria and Albert Museum in London from 1979 to 1988.⁴⁰⁰ Several Longquan wares were included in the Yuan section, as examples of continued production in the Yuan period of famous Northern Song ceramics. A Longquan celadon 'kinuta' vase (fig.23) from Song or Yuan dynasty was purchased by the British Rail Pension Fund in 1975. It was in the collection of Enid and F. Brodie Lodge (1880-1967), and had been exhibited many times since 1944.⁴⁰¹ The British Rail Pension Fund sent the vase on loan to the Dorchester

³⁹⁸ Stacey Pierson, 2009. *Chinese Ceramics: A Design History*, London: V&A Publishing, pp.30-33.

³⁹⁹ Sotheby's, 1989. *Important Early Chinese ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the Works of Art Collection of the British Rail Pension Fund*, (12.12.1989), lot.86 and lot.87.

⁴⁰⁰ V&A archive, Loans to the Museum, Certificate of items on loan at Far Eastern Department, Submission number 6276, (31.08.1983).

⁴⁰¹ British Council, 1944. *Chinese Art: An Exhibition presented by the British Council in collaboration with The Chinese Embassy*, British Council, Edinburgh:

International Ceramics Fair in London in 1986 along with other pieces, to attract public attention and promote the collection.⁴⁰² The Longquan vase sold for £165,000, way above its estimate.⁴⁰³ Many of the ceramics in this section were never resold afterward.

Blue and white porcelain made during the Yuan period were included in the Hong Kong sale on May 1989. The collection was presented in kiln categories rather than chronological order, even though Yuan blue and white has a much stronger connection with later pieces produced in the Ming and Qing periods in terms of design and firing techniques. As Pierson pointed out,

The decoration of Jingdezhen blue and white reflected both domestic Chinese taste and that of various export markets. Depending on the target consumer, examples might display images of dragons or Chinese literary stories, or they might have designs borrowed from Turkish textiles or European figures.⁴⁰⁴

A blue and white jar (fig.24a) with garden scene and figures was one of the most important pieces from the Yuan period collected by the British Rail Pension Fund. It was purchased in Sotheby's New York in 1976. The British Rail Pension Fund loaned it to the Dallas Museum of Art from 1985 to 1988⁴⁰⁵ and sold it in

National Gallery of Scotland, (Edinburgh, 1944), No.352; (Glasgow, 1944), No.417.

⁴⁰² Sotheby's, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989), Lot.93.

⁴⁰³ Ibid: Sotheby's sale result, lot.93.

⁴⁰⁴ Pierson 2009:34.

⁴⁰⁵ DMA archive, British Rail Pension Fund Loan Descriptions-Dallas, "Early blue & white jar (kuan) 14th C.", (1985).

May 1989.⁴⁰⁶ According to the short title ‘Jinxiangting(锦香亭)’ inscribed over the entrance of the pavilion on the garden scene of the jar(fig.24b), the story on the jar was probably illustrating an early Yuan Zaju (drama), ‘Meng Yuemei Xie Hen Jinxiangting(孟月梅写恨锦香亭)’, or ‘Meng Yuemei writes of her regrets in the pavilion of Fragrant Brocades’.⁴⁰⁷ It was a famous story written by Wang Zhongwen (n.d.), a drama writer from the Yuan period, being a love story between a scholar and a lady. Only a few blue and white jars from the Yuan period painted with stories, mostly related to the Yuan Zaju, survive today and are collected by major museums such as the Idemitsu Museum of Art⁴⁰⁸ and the Boston Museum of Fine Art.⁴⁰⁹ It is a representative narrative piece clearly distinguished from other blue and white porcelain in the Yuan period with mysterious animal, flower, and geometrical design. Sotheby’s noted the significance of the jar and designed four full pages to illustrate not only the description of the jar, but also comparative pieces recorded in collections of major and private museums, including photography of each side of the jar. The jar was sold for over HK\$ 3 million (approx. £223,000) in 1989. It re-appeared at Christie’s in Hong Kong in November 2005 with estimate upon request, and sold for over HK\$ 47 million

⁴⁰⁶ Sotheby’s, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989), Lot.12.

⁴⁰⁷ Sotheby’s, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989), Lot.12.

⁴⁰⁸ Toru Nakano, 1985. *Tenkai shashin ni yoru chugoku no monyo(The panoramic views of Chinese patterns)*, Tokyo: Heibonsha, plate.45.

⁴⁰⁹ Wu Tung, 1980. *Oriental Ceramics: The World’s great Collections, Museum of Fine Art Boston*, Tokyo and New York: Kodansha International, Vol.10, colour plate.III.

(approx. £3.4 million), becoming the second most expensive Yuan blue and white porcelain sold at auction.⁴¹⁰ The British Rail Pension Fund became an important provenance of the jar when it re-entered the market in 2005, as Christie's mentioned in the press release,

Formerly from the British Rail Pension Fund, the 'Jinxiang Ting' jar is exquisitely painted in vibrant sapphire-blue tones rendering a panoramic garden landscape scene, detailed with groups of standing figures on either side of a lone pavilion.⁴¹¹

⁴¹⁰ Christies, 2006. "Christie's 20 years Hong Kong", Press Release, (03.04.2006), p.4.

⁴¹¹ Christie's, 2005. Christie's Hong Kong to offer important Chinese ceramics and works of art in the autumn auction, Press Release. (27.10.2005), pp.1-2.

(ii) Ming Porcelain (1368-1644)

After the Yuan porcelain sub-category, the British Rail Pension Fund's collection of Chinese works of art contained a large group of porcelain produced during the Ming period, and this group was sold in the Hong Kong sale in May 1989.⁴¹² The British Rail Pension Fund's collection of porcelain from the Ming period consisted of several sub-categories: Ming monochromes, Annamese blue and white wares (from the Ming period), Ming blue and white wares, Ming underglaze-red wares, and various Ming wares. Annamese ware is a commonly term used to describe Vietnamese ceramics. Annam was the name used to identify a part of Northern Vietnam once administered by the Ming. Chinese porcelain had great influence on Annamese ceramics produced in the Ming period. Sub-categories of various Ming wares consisted mostly of polychrome wares (fig.25) or porcelain with combined overglaze and underglaze techniques (fig.26).

Unlike ceramics produced in the Tang, Song and Yuan period, Ming porcelain had a much larger audience worldwide from its production period onward, due to the increasing maritime activities of merchants. It has even been considered as a 'luxury good'.⁴¹³ The consumption of Ming porcelain beyond the geographical border of China extended to countries not only within the traditional

⁴¹² Sotheby's, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989).

⁴¹³ Stacey Pierson, 2013. *From Object to Concept-Global Consumption and the Transformation of Ming Porcelain*, Hong Kong: Hong Kong University Press, p.31.

circle of East Asia, but also to Europe.⁴¹⁴ It became widely admired and collected during the early 20th century, when collectors and museums started to notice its importance and developed the connoisseurship of porcelain produced during the Ming period.⁴¹⁵ As Pierson pointed out, the Percival David Foundation of Chinese art,

Included in the display a number of Ming ceramics that David had acquired before the museum opened. As we have seen at the beginning of the decade(1950-60), Ming porcelain specifically and in fact Ming arts in general, became more popular subjects for exhibitions and books.⁴¹⁶

The development of interest in Ming art certainly stimulated sales in the art market, and several significant sales of Ming porcelain such as the Clarks sale in 1953 further attracted attention from collectors.⁴¹⁷

The Times-Sotheby's Index conducted an investigation into the market behavior of Ming porcelain in 1968. It not only researched into the Ming art market, especially blue and white, but also compared it with other categories of Chinese art fashionable in the market during the period, such as Tang figures and Qing enameled porcelain. The index mentioned that,

By contrast, 14th and 15th century Ming blue and white has sprung into the fashionable limelight. Here improved scholarship was the determining factor. Early pieces had not previously been differentiated from those of the late 15th century and early 16 century; they were generally overlooked as less finished examples of the style.⁴¹⁸

⁴¹⁴ Ibid: 33-56.

⁴¹⁵ Ibid: 99-106.

⁴¹⁶ Ibid: 100.

⁴¹⁷ Sotheby's, 1953. *Important Ming Porcelain*, London: Sotheby's, (24.03.1953).

⁴¹⁸ Geraldine Norman, 1968. "Ming delights the intellectuals", *The Times*, (03.09.1968), p.17.

The index further explained the current situation of Ming blue and white porcelain with statistical data,

The tables have now turned completely with museums and private collectors running each other up to fabulous prices in the saleroom for the occasional fine examples of the early dynasty. Two superb pieces of Ming came up in the Sedgwick sale at Sotheby's in July. A blue-ground dish made £18,000, having passed through the salerooms in 1954 at £775.⁴¹⁹

Two Annamese or Vietnamese blue and white wares were included in the Chinese art collection with no specific explanation in the official archive.

Presumably they were purchased to target collectors of Southeast Asian art, as Annamese wares were also very valuable in the art market during this period.⁴²⁰ It was also a common practice for auction houses to group Vietnamese porcelain with Chinese works of art in a single auction sale during this period. The large dish (fig.27) painted with peony blossom was exhibited on loan at the San Antonio Museum of Art in the United States from 1986 to 1988,⁴²¹ and the blue and white kendi (fig.28) decorated with mythic beasts galloping through clouds was also exhibited at the Dorchester International Ceramics Fair in London in 1986.⁴²² Both Annamese wares were purchased by Mr. and Mrs. Eric Nissen (both n.d.) in 1989, and then collected by the British Museum in UK in 2009.⁴²³ The British Rail

⁴¹⁹ Ibid.

⁴²⁰ See estimate price, Christie's, 1984. *Important Annamese Ceramics: the Mr. and Mrs. Robert P. Piccus Collection*, London: Christie's, (07.12.1984).

⁴²¹ Sotheby's, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989), Lot.14

⁴²² Ibid, lot 13.

⁴²³ See museum number of the British Museum: 2009,3014.1 and 2009,3014.2.

Pension Fund was one of the provenances for both items in the acquisition notes of the British Museum.⁴²⁴

The Ming blue and white consisted of seven pieces from the Yongle (1402-1424) to Jiajing (1521-1567) reigns. A large Ming blue and white bowl with a width of 37.7 centimeters from the Yongle period (1402-1424) had the highest estimate in this sub-category. The bowl was formerly collected by important collectors George Eumorfopoulos and Sir David Home (n.d.), and was purchased by the British Rail Pension Fund in 1975. Two peaches growing from a branch with three peach blossoms within a double line border are depicted in the centre of the bowl. Six peonies are painted on the exterior of the bowl, connected with scrolling leaves (fig.28). The bowl had been exhibited many times before it was purchased by the British Rail Pension Fund, such as in the National Gallery of Scotland in Edinburgh and Glasgow Art Gallery in Kelvingrove in 1944.⁴²⁵ It was then part of two OCS exhibitions of blue and white porcelain in London in 1946 and 1953.⁴²⁶ The British Rail Pension Fund exhibited the bowl on loan at the San Antonio Museum of Art from 1986 to 1988, and it was then sold in Hong Kong in

⁴²⁴

http://www.britishmuseum.org/research/collection_online/collection_object_details.aspx?objectId=3205822&partId=1&searchText=2009,3014.2&page=1, (accessed 12.07.2016);

http://www.britishmuseum.org/research/collection_online/collection_object_details.aspx?objectId=3205830&partId=1&searchText=2009,3014.1&page=1, (accessed 12.07.2016).

⁴²⁵ British Council 1944: Edinburgh, no.557; Glasgow, 1944, no.428.

⁴²⁶ Oriental Ceramics Society, 1946. *Ming Blue and White Porcelain*, London: Oriental Ceramics Society, No.100; Oriental Ceramics Society. 1953. *Chinese Blue and White Porcelain, 14th to 19th Centuries*, London: Oriental Ceramics Society, No.54.

1989 for over HK\$ 13 million (approx. £970,000).⁴²⁷ Its status afterward remains unknown, with no subsequent publication.

Ming underglaze-red sub-category only consisted of three objects, but with high estimates in the 1989 Hong Kong sale.⁴²⁸ Underglaze-red decoration in the early Ming period inherited the Yuan style and design, but became much more stable and controllable in the Ming period due to advances in firing technique. An underglaze-red decorated basin from the Hongwu period (1368-1398) was collected by the British Rail Pension Fund with the highest estimate within the sub-category. The catalogue stated the provenance of the basin as “said to have been purchased in 1922 from Ta-kou-tchai in Peking.”⁴²⁹ Five peony blossoms with leaves are depicted within double-line border in the centre of the basin, surrounded by a band of continuous pattern of probably the Chinese character Hui(回). Eight chrysanthemum flowers on a continuous scrolling branch are painted on the outer register of the interior. Various flowers connected with scrolling leaves are painted on the exterior (fig.30). It is rare to find a large underglaze-red basin from the Hongwu reign with so few glaze flaws. As observed by Reitlinger, early Ming was one of the most popular categories of the art market in the 1960s, and the eight most expensive ceramic objects sold in the 1960s were all from this period.⁴³⁰ Four colours were used for ceremonies and banquets in the

⁴²⁷ Sotheby's sale result, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989)

⁴²⁸ Ibid: lot 8-10.

⁴²⁹ Ibid: lot.8.

⁴³⁰ Reitlinger 1982[1970]:435.

Ming court, and red underglaze was one of the colours required by imperial taste.⁴³¹ The basin was displayed at the Dallas Museum of Art from 1985 to 1988, and sold for over HK\$ 20 million (approx. £1.5 million) to a Japanese buyer.⁴³²

Both underglaze blue and red represented great advancements in technique in the early Ming period, although not necessarily produced under the commission of the Ming emperors. The most important evidence indicating involvement of the imperial workshop was the reign mark written underneath the vessel. A turquoise glazed dish(fig.31) with ‘anhua’ decoration⁴³³ and Xuande (1426-1435) reign mark was collected by the British Rail Pension Fund, one of the examples in the collection from the imperial workshop in Jingdezhen, and of much higher value than other Ming monochrome wares.⁴³⁴ The turquoise glaze was a non-ceremonial monochrome colour used at Jingdezhen in the Ming era, other colours such as iron red, copper green and iron brown were also included in this category.⁴³⁵ Although it is impossible to identify the ‘Anhua’ decoration on the interior of the dish through the photography of the auction catalogue in 1989, the catalogue’s description explained that two dragons in pursuit of flaming pearls and three

⁴³¹ Christine Lau, 1993. ‘Ceremonial Monochrome Wares of the Ming Dynasty’, *The Porcelains of Jingdezhen*, Colloquies on Art and Archaeology in Asia, London, No.16, pp.83-99.

⁴³² Sotheby’s sale result, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989).

⁴³³ Hidden decoration, incising or carving techniques on the body of the clay before the glaze was applied.

⁴³⁴ Sotheby’s, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989) Lot.7.

⁴³⁵ Pierson 2009:67.

curled scrolls were engraved on the centre of the dish.⁴³⁶ It was formerly collected by H.F. Parfitt (n.d.), and sold in London on February 1946. It was then resold three times in London in 1968, 1973 and 1978. The British Rail Pension Fund purchased it in 1978⁴³⁷ and exhibited it on loan at the Dallas Museum of Art from 1985 to 1988.⁴³⁸ The dish has been illustrated twice in the Sotheby's anniversary catalogues since the sale of 1989.⁴³⁹ It was not only the highlight of the Chinese art Collection of the British Rail Pension Fund, but also one of the highlights that Sotheby's sold during the first 30 years of the operation of the Hong Kong saleroom.⁴⁴⁰ The dish resold in Hong Kong in 2004 and fetched over HK\$ 12 million (approx. £870,000).⁴⁴¹ According to the 2004 catalogue, the loan exhibition at the Dallas Museum of Art was the only public display of this dish.⁴⁴²

⁴³⁶ Sotheby's, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989) Lot.7.

⁴³⁷ Ibid.

⁴³⁸ DMA archive, British Rail Pension Fund Loan Descriptions-Dallas, "Turquoise dish. Xuande", (1985).

⁴³⁹ Sotheby's, 1993. *Sotheby's Hong Kong Twenty Years: 1973-1992*, Hong Kong: Sotheby's, plate 146; Sotheby's. 2003. *Sotheby's Hong Kong Thirty Years: 1973-2003*, Hong Kong: Sotheby's, plate 121.

⁴⁴⁰ Ibid.

⁴⁴¹ Sotheby's, 2004. *Fine Chinese Ceramics and Works of Art*, (25.04.2004), lot.286.

⁴⁴² Sotheby's sale result, 2004. *Fine Chinese Ceramics and Works of Art*, (25.04.2004), lot 286.

(iii) Qing Porcelain (1644-1911)

Sub-categories from the Qing period were the largest section in the Chinese art collection of the British Rail Pension Fund, comprising 58 lots.⁴⁴³ Following the invasion of the Manchurian army, China was ruled by foreign power during the Qing period from 1644 to 1911. Jingdezhen was damaged and kilns were destroyed because of the change of dynasties. It was recovered during the Kangxi reign (1662-1722) and imperial production was re-established.⁴⁴⁴ Rigorous regulations were applied to Jingdezhen to control porcelain production. Meanwhile, the Qing court also stimulated the development of new techniques of production through royal patronage, as many new developments in decoration occurred during this period. As Pierson pointed out:

Among the most popular new developments in decorative techniques introduced in the Qing period was that of expanded overglaze enamel colours, which by the first quarter of the eighteenth century included blue, gold, transparent green, white, black and pinks enamels.⁴⁴⁵

Several pieces collected by the British Rail Pension Fund proved to be examples reflecting these new developments. Innovations of the Ming period such as ‘Doucai’ and ‘Wucan’, continued and advanced during the Qing, with new pigments, shapes and designs.

⁴⁴³ Sotheby's, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989), Lot. 35-101.

⁴⁴⁴ Rose Kerr and Nigel Wood, 2004. *Science and Civilization in China*, Vol.5, Chemistry and Chemical Technology, Part 12, Chinese Ceramics, Cambridge: Cambridge University Press, p.188.

⁴⁴⁵ Pierson 2009:38.

Traditionally, Qing porcelain was one of the key categories in the history of collecting Chinese ceramics. European society had maintained a long engagement with export wares, mostly blue and white and overglaze enameled porcelains, but supplies of large quantities of porcelain produced under the control of the court did not leave China until the looting of the Summer Palace in 1860.⁴⁴⁶ Imperial wares were quite distinct from the export pieces, which led to a dramatic shift in scholarship and taste in collecting Qing porcelain.⁴⁴⁷ However, porcelain under imperial control was the most highly regarded category from the Qing period. As research on the Qing enamel wares conducted by the *Times-Sotheby's Index* indicated in 1968, taking famille verte from the Qing period as an example:

The rising value of famille verte wares is much more typical of porcelain as a whole, when no special factors are involved. Dating from the late 17th and early 18th centuries, it is colourful and decorative, and has been popular with collectors since it was first exported to Europe. High prices at the beginning of the century faltered a little between the wars as high quality fakes emerged on the market in some quantity. Prices are now moving moderately but steadily forward.⁴⁴⁸

In 1969 the index further reported that:

For Kang Hsi famille verte wares, the elegant and decorative pace setters for the market in Chinese porcelain in the early part of the century, we now show pieces on average from five times higher than in 1951. As in most traditional but not particularly fashionable markets, the finest piece continue to climb substantially in price...⁴⁴⁹

⁴⁴⁶ Louise Tythacott, 2015. "Trophies of War: Representing 'Summer Palace' Loot in Military Museums in the UK", *Museum & Society*, Vol.13, No.4, pp.479-71.

⁴⁴⁷ Pierson 2007:57-61.

⁴⁴⁸ Geraldine Norman, 1968. "Ming delights the intellectuals", *The Times*, (03.09.1968), p.17.

⁴⁴⁹ Geraldine Norman, 1969. "Value of Chinese porcelain", *The Times*, (06.09.1969), p.21.

The index concluded that the market for Qing porcelain strongly related to the fashion of the market. Sotheby's certainly understood the significance of Qing porcelain and suggested allocating financial resources to this sub-category at an early stage.

One of the most important Qing porcelains collected by the British Rail Pension Fund was a pink-ground bowl (fig.32) with four characters of the Kangxi (1661-1722) reign mark, made during the Kangxi period. As mentioned above, pink colour certainly was one of the innovations in porcelain production during the Qing period. The exterior of the bowl is painted with a continuous scrolling branch connecting six petal flowers. These flowers are depicted by the shading of dark blue, yellow, green, red, and orange pigments. These sophisticated colours carefully depict details of each flower blossom, to form a hexagonal geometrical composition. Outline techniques are applied on both the flower blossoms and the scrolling leaves, to separate two colours and increase the depth of the surface texture. Tiny brushes of dark blue colour are applied on vines and twisted leaves to create shadows. The pink colour does not cover the whole exterior surface and edges of the rim and foot were covered by white or transparent glaze. It was certainly influenced by Western painting technique as the Kangxi emperor was keen to absorb foreign culture.

It is probably the only published surviving piece with the pink-ground and hexagonal flower composition made during the late period of Kangxi, with no identical items in either the Palace Museum of Beijing or the National Palace

Museum of Taipei. Other similar porcelains with different flower arrangements or background colour are widely found in major museums and private collections, such as the blue-ground Kangxi bowl⁴⁵⁰ in the British Museum and the pink-ground Kangxi bowl⁴⁵¹ from the National Palace Museum. The pink-ground bowl was formerly collected by Sir Percival David and sold in London in December 1961. It resold at Sotheby's in 1976 and was purchased by the British Rail Pension Fund.⁴⁵² It has been exhibited on loan at the Dallas Museum of Art exhibition from 1985 to 1988.⁴⁵³ With an estimate of HK\$ 2 to 3 million (approx. £150,000-£223,000), it was the most expensive single object in the entire collection of Qing works of art of the British Rail Pension Fund. It has been only illustrated once, by Hugh Moss as the cover image of his book "By Imperial Command-An Introduction to Ch'ing Painted Enamels"⁴⁵⁴ in 1976, probably before the British Rail Pension purchased the bowl from Sotheby's.⁴⁵⁵ There is no further published information about the bowl after the sale of 1989.

Underglaze blue was also an important part of porcelain produced in Jingdezhen during the Qing period. A blue and white altar vase (fig.33a) with a dedicatory inscription of Tang Ying dated to 1740, the fifth year of the Qianlong

⁴⁵⁰ Museum Number: 1936,0413.34.

⁴⁵¹ Museum Number: 故-瓷-017894-N000000000.

⁴⁵² Sotheby's, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989), Lot.85

⁴⁵³ DMA archive, British Rail Pension Fund Loan Descriptions-Dallas, "Imperial pink ground bowl. Kangxi", (1985).

⁴⁵⁴ Hugh Moss, 1976. *By Imperial Command-An Introduction to Ch'ing Painted Enamels*, Hong Kong: Hibiya Company, pl. 52

⁴⁵⁵ The book description only included Percival David Foundation as the sole provenance.

reign, was included in the collection. The shape of this altar vase was a close imitation of an ancient bronze ritual vessel Gu. The exterior surface of the vase was covered with depictions of various sizes of lotus with scrolling leaves. The vase was fired in two parts and joined in the middle of the body, where the description was written. As a classical symbol of Buddhist art, the lotus motif was frequently used in the decoration of porcelain, especially porcelain used in religious sites. The description on the vase (fig.33b) was translated by Sotheby's as follows:

The chief supervisor of works in the Yangxin Hall, by imperial order supervisor of the Jiangxi ceramics administration, concurrently commissioner of customs of Huai, Su and Hai in Jiangnan and at Dagutang. Hukou in Jiujiang, Jiangxi, Vice director of the office of Imperial Pasturages in the Imperial Household Department, concurrently Vice Commander general, promoted by five ranks, Tang Ying of Shenyang respectfully made a set of five altar vessels to be placed as an offering in front of the Bodhisattva Ksitigarbha in his temple at the Western Intersection of Erdao lane in Changdian village, Babei, outside of Dongzhi Gate for everlasting worship. First day of the tenth month of the fifth year of the Qianlong period in the great Qing dynasty.⁴⁵⁶

Tang Ying (1682-1756) who has been regarded as “the most knowledgeable authority in the land on the subject of porcelain”,⁴⁵⁷ was the director of the imperial porcelain workshop in Jingdezhen during the Qianlong reign and played an important role in the history of ceramics production. The altar vase was collected by Laurent Heliot (n.d.) and sold at Sotheby's on May 1979. It was then purchased by the British Rail Pension Fund and exhibited on loan at the

⁴⁵⁶ Sotheby's, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989), Lot.39.

⁴⁵⁷ Rose Kerr, 1986. *Chinese Ceramics, Porcelain of the Qing Dynasty*, London: Victoria and Albert Museum, p.30.

San Antonio Museum of Art from 1986 to 1988.⁴⁵⁸ The vase has been illustrated and recorded many times by Western scholars.⁴⁵⁹ The inscription recorded not only the date of the production of the vase, but also the purpose of the production, display location and display purpose. It was a clear indication of imperial patronage of religious activity in the Qianlong reign (1736-1795). Sotheby's certainly understood the significance of the text inscribed on the vase, thus an enlarged black and white photo was illustrated in the catalogue to demonstrate the importance of the object. The vase sold for HK\$3.3 million (approx. £246,000) in the 1989 Hong Kong sale, much higher than estimated.

⁴⁵⁸ Sotheby's, 1989. *Important Chinese Porcelain, Enamels and Jade Carvings from the Works of Art Collection of the British Rail Pension Fund*, (16.05.1989), Lot.39.

⁴⁵⁹ Michel Beurdeley and Guy Raindre, 1987. *Qing Porcelain*, London: Thames & Hudson Ltd, plate. 152; Ulrich Wiesner, 1981. *Chinesisches Porzellan: Die Ohlmer'sche Sammlung Im Roemer-Museum Hildesheim*, Mainz: Zabern, p.108.

5. Conclusion

In general, the Chinese objects collected by the British Rail Pension Fund covered and represented each major category in the Chinese art market. Many pieces have been purchased by well-known museums, collectors, and dealers. Financial return was certainly the most important target pursued by the British Rail Pension Fund and Sotheby's, but the significance of these objects also promoted Chinese art worldwide through exhibitions, press reports and the establishment of a new world record for Chinese art sold at auction. The selected pieces discussed above as examples from several sub-categories represent only a small portion of the collection. Since it was impossible to form the complete inventory list of the collection, it is hoped that by discussing these pieces an evaluation of the Chinese art portfolio at its termination in 1989 can be made.

The sales of the collection of Chinese works of art became pivotal for the establishment of the provenance of the British Rail Pension Fund. Financially, the British Rail Pension Fund finally revealed its complete inventory at termination, thus the public would have an answer as to what had been accomplished by this significant outlay of financial capital during such a difficult economic period. This was an important issue for the public discussion of the operation, which will be discussed in the next chapter. Art historically, scholars, dealers and museums who had no involvement in the exhibition stage of the operation would have the chance to review the collection, not only by studying the object itself, but also by

understanding the significance of these objects from the perspective of collecting practice. However, what has not been thoroughly evaluated was the combined practice of collecting and investing behaviors of the British Rail Pension Fund, which will be discussed in the next chapter, for the first time.

It is important to note that although the term ‘collection’ had already been used at the beginning of the exhibition stage, Sotheby’s sales in Hong Kong and London were the first time when the whole Chinese art category of the British Rail Pension Fund was presented as a ‘collection’. Although the Works of Art Sub-Committee dedicated their attention to an investment strategy, these objects were clearly grouped and treated as a ‘collection’ by the fund manager and Sotheby’s experts in both acquisition and exhibition stages. Due to the uniqueness of art as an alternative investment vehicle, the British Rail Pension Fund needed to evaluate artworks in terms of their significance in the history of art and collecting. This approach would likely promote final sales, rather than simply relying on statistical data to support the operation, as other investment funds would be expected to do by their investors. This combination of investment and collecting created a new approach that challenges assumptions about existing categories in the history of collecting, especially at the institutional level. This is another issue which will be discussed in the next chapter.

Chapter Five: What was the impact of the British Rail Pension Fund's collection of Chinese works of art?

The investment in Chinese art by the British Rail Pension Fund left a series of impacts, not only due to the sales of the works of art gathered by the fund, but also, as mentioned before, because of the controversial combination of collecting and investing behaviours. As discussed in the previous chapters, the Chinese works of art purchased by the British Rail Pension Fund, under the guidance of Sotheby's, represented each major category in the collecting field at that time, successfully reducing the risk of the investment through targeting different audiences in each category. The termination of the collection of Chinese works of art attracted much attention because of the achievement in investment turnover accomplished by the British Rail Pension Fund and Sotheby's. Furthermore, objects such as the Tang Horse reached £3.74 million,⁴⁶⁰ setting a world record price at auction for a Chinese artwork, and the horse remains the most expensive Chinese Tang artwork sold at auction today. The operation of the art investment programme of the British Rail Pension Fund attracted attention from the public from the beginning of the operation. The press consistently reported on British Rail's investment in works of art, especially the art market correspondent at *The Times*.

⁴⁶⁰ Wendy Moonan, 2003. "Antique; 'one horse is always a winner'", *The New York Times*, Arts, (21.03.2003), (accessed 19.07.2016), <<http://www.nytimes.com/2003/03/21/arts/antiques-one-horse-is-always-a-winner.html>>.

Although little information was revealed by the British Rail Pension Fund to the public during the operational period, to retain confidentiality and to avoid increasing potential competition in the art market, the media was still interested in the influence an institutional collector could bring to the art market. Objects from the collection of Chinese works of art have been displayed and exhibited in various major museums from 1975, and these exhibitions certainly attracted attention from the public through museum newsletters, exhibition catalogues and media reports, which will be discussed in detail in this chapter. After local loans of objects from the collection, such as bronze vessels and Qing imperial porcelains to the British Museum and Victoria and Albert Museum, several pieces were shipped overseas for display after 1980, which attracted attention from collectors, dealers, museums and the press from all over the world, and further enhanced the provenance and value of the collection. The managerial company also arranged for many objects in the collection of Chinese art to be shown at art fairs before the auctions of the collection, which presumably became a direct promotion for these sales in 1989. It is therefore necessary to investigate these exhibitions and fairs, to demonstrate the importance of the collection in both curatorial and social terms.

Responses from the public not only directly reflected the significance of the collection, but also concerns about the collecting process and conflict of interest and benefits for the nation. Outsiders assumed that Sotheby's might take advantage from this operation, especially after the introduction of the buyer's premium, which significantly increased the cost of the operation. These responses

demonstrated concerns about the role of Sotheby's acting as the agent of purchase and sale, and questions regarding the potential impact an institutional buyer could have on the art market as a whole. The press, especially *The Times* newspaper, played an important role in reporting on the investment of the British Rail Pension Fund. Geraldine Norman, one of the key figures behind the creation of the *Times-Sotheby Index*, acted as the saleroom correspondent for *The Times*. Her expertise on the operation of the art market enabled her to critique the operation of the British Rail Pension Fund's investment in works of art using historical auction data, which made *The Times* the leading media outlet reporting on the issue. This investment was consistently reported in *The Times*, making it perhaps the most noteworthy institutional collection in the U.K., at that time, in terms of public attention. The detail of this will be discussed in this chapter.

Moreover, investment in works of art by the British Rail Pension Fund remains a controversial topic even today. It was the first collection formed under the national spotlight, attracting attention not only from collectors, dealers and museums, but also from wider society because of the questionable method of using a national asset. Moreover, it was the first time that a collection had been consistently reported on by major media, which became even more sensitive during the difficulties of the national economy. Although it was not an innovation for investors to consider art as an alternative investment vehicle to secure future profit at that time, national attention certainly made the British Rail Pension Fund's collection much more influential compared with previous participants, as most of them remained anonymous for a certain period of time. The collection also

challenged and still changes existing interpretations of collecting, on the one hand because of the detachment from traditional collecting values such as personal interest and extension of identity, and on the other hand contradicting the traditional conception of collecting motivation, for both individuals and institutions such as museums.

1.Exhibitions

Exhibitions were one of the major fields impacted by the art investment of the British Rail Pension Fund, and the collection of Chinese works of art represents one of the major categories displayed not only in domestic museums, but also attracting worldwide attention through loan exhibitions at major overseas institutions at that time. One of the reasons that the British Rail Pension Fund loaned the collection for various exhibitions was to further raise the profile of and establish the provenance of the collection, which would likely attract attention from collectors, dealers and museums and increase competition during sales, a common but unspoken motivation for exhibiting material in museums. As discussed before, it is also important to note that loaning objects to museums effectively decreased the cost of possessing the collection, through museum insurance coverage, and the Works of Art Sub-Committee noted the importance of collaboration with major museums as early as 1975.⁴⁶¹

The official archive records operational details of exhibition arrangements and changes in attitude of the Sub-Committee towards exhibiting. To understand the impact of the operation, it is important to examine these exhibition arrangements, in both domestic and international institutions, and in a chronological order, to reconstruct the historical context, not only in Chinese art, but also for the general collection of the British Rail Pension Fund. The earliest

⁴⁶¹ Archive of Art Investment: AN 198/2, (21.02.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

mention of issues related to exhibitions appeared in the meeting of the Works of Art Investment Sub-Committee on 30th July 1974. Materials in the archive indicated that the meeting was attended by the Works of Art Sub-Committee, the manager of Lexbourne, and the chairman of Sotheby's. This meeting noted that the Trustees "wished the items held to be available for viewing by the public as far as possible."⁴⁶² The meeting also discussed the possibility of using "Leeds Castle, near Maidstone, as a base to display and store items..."⁴⁶³

The issue of exhibiting was raised again at a meeting near the end of 1974 and the intention was clearly to store works of art purchased through Sotheby's, as it was discussed under the 'Storage' section in the archive, where the chairman of Sotheby's commented, "Leeds Castle was now available...He was also endeavoring to determine if any displays could be held under the auspices of the Victoria and Albert Museum at Leeds Castle."⁴⁶⁴ Exhibiting arrangements were discussed only in terms of storage location at this time, perhaps indicating that the main purpose of any loan exhibition discussion at this stage was only as a solution for the storage of artworks. Although it was stated in the archive that the trustees recommended exhibiting the works of art of the fund immediately following acquisition, the intention of this exhibition recommendation from the British Railways Board was not clarified.

⁴⁶² Archive of Art Investment: AN 198/2, (30.07.1974), The National Archives Kew Garden, Meeting minutes: Works of art sub-committee.

⁴⁶³ Ibid.

⁴⁶⁴ Archive of Art Investment: AN 198/2, (25.12.1974), The National Archives Kew Garden, Meeting minutes: Works of art sub-committee.

Exhibition arrangements frequently appeared in the minutes of the meetings of the Works of Art Sub-Committee after 1974, and museums were still considered as an alternative location to store works of art purchased by the managerial company, to reduce insurance costs. As the archive indicated in early 1975, “it was the intention that items would be displayed in museums where advantage could be taken of the Treasury indemnity⁴⁶⁵ and so lower insurance costs.”⁴⁶⁶ The Works of Art Sub-Committee further explained their intention in the following meeting of the same month, “longer term storage with museums may still be possible, taking advantage of the Treasury indemnity to reduce insurance costs.”⁴⁶⁷ To reduce operational costs through exhibitions continued to be the main concern of the meeting.

Discussion of loan exhibitions became much more active in 1975 as the number of objects acquired by the collection increased significantly. The archive indicated that it was agreed in a meeting in June of 1975 that, “Mrs. Edelstein should pursue as quickly as possible the question of lending items to museums.”⁴⁶⁸ This record clearly indicated pressure from the Sub-Committee on the manager to implement the exhibiting plans. A change of view of the Works of Art Sub-Committee appeared in late 1975 as loan exhibition arrangements started to

⁴⁶⁵ Government insurance, it allows art objects to be shown publicly which might not have been otherwise because the cost of insurance would have been too high.

⁴⁶⁶ Archive of Art Investment: AN 198/2, (21.02.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁶⁷ Archive of Art Investment: AN 198/2, (24.02.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁶⁸ Archive of Art Investment: AN 198/2, (17.06.1975), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

develop. The archive indicated that museum exhibition arrangements were no longer discussed as 'storage', but rather 'storage and exhibitions' during this period. It is reasonable to assume that, as loan exhibitions increased, issues relating to loan exhibitions demanded more attention from the Sub-Committee in late 1975. Moreover an early awareness of potential commercial benefit to be gained from loans for exhibition can be detected in the Works of Art Sub-Committee meeting discussions. As the archive of meeting minutes pointed out in a meeting in September 1975 that,

Whilst generally approving the policy of dispersion of the collection, the Committee expressed certain reservations of regarding publicity and it was agreed that each situation would need to be considered separately by the manager...e.g. there seemed no benefit to be gained in trying to disguise the fact that the Pension Funds owned the Tiepolo, but in other cases commercial considerations would point to the need for anonymity...Mr. Wilson stated that whilst relatively unimportant items could be enhanced in value through being associated with an exhibition this was often not a practice to be recommended for the major works in the collection.⁴⁶⁹

Although the collection benefited from public exhibitions, Peter Wilson, president of Sotheby's, clearly stated his concern about publicity during the meeting. As a result, 1975 witnessed the development of loan exhibitions of the collection in every major category and anonymity in these exhibitions was a significant consideration.

Awareness of the importance of anonymity carried through to 1976, and this led to further debate over anonymous exhibition in museums. After the managerial company actively arranged loans from the collection to many major

⁴⁶⁹ Archive of Art Investment: AN 198/2, (30.09.1975), The National Archive Kew Garden, Meeting minutes: Works of Art Sub-Committee.

museums in the U.K. from 1974 to 1975, the fund committees reconsidered the possibility of openly lending works of art to museums to attract public attention.

Lewin requested in the meeting in March 1976 of the Funds Investment

Committees (Wages Fund and Superannuation Fund) that,

The Sub-Committee should reconsider the advice given that as a general rule it was preferable to exhibit anonymously. After a lengthy discussion, during which the commercial reasons against disclosure were again stressed by the advisers, it was agreed that when items were lent consideration should be given in each case to whether anonymity was desirable for commercial reasons. If in particular cases there were no such reasons then in those cases the items would be lent openly.⁴⁷⁰

Presumably, the most important commercial reason for the Sub-Committee to decide to lend anonymously was the risk of increasing competition in the market while the fund was still purchasing works of art. Disclosure of the information about the collecting of works of art by the British Rail Pension Fund could possibly bring unnecessary attention from the public, including other buyers bidding against the British Rail Pension Fund to purchase similar items. However, there is no evidence in the official record. Although the manager of Lexbourne and Sotheby's explained the positive impact of public exhibition, which could promote the eventual sale of the collection, most of the objects from the collection were lent anonymously during this period. Public exhibitions distinguished the art investment of the British Rail Pension Fund from earlier art investments such as the Bearskin Club, ensuring much more public impact, and also making it a sensitive and controversial operation given the depressed national economic

⁴⁷⁰ Archive of Art Investment: AN 198/2, (08.03.1976), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

situation. Responses from dealers, collectors, and other public sectors will be discussed later in this chapter.

Lending art to major museums was a complicated and difficult task for the Works of Art Sub-Committee, especially since these public museums had rigorous standards when borrowing objects from outside. As noted in the meeting minutes in 1976,

In respect of the Victoria and Albert Museum, Mr. Lewin advised that negotiations were proceeding more slowly than had been envisaged originally. This was due to the fact that loans to national museums were likely to be on a much larger scale and in effect the discussions taking place were a form of test case.⁴⁷¹

In fact, large scale was not the only requirement set by public museums. Objects borrowed from other institutions also needed to be complementary to the existing display. As the curator from the Bristol Museum suggested, they would not exhibit items which were very similar to works which the Museum already had.⁴⁷² Other museums such as the Victoria and Albert Museum also held the same requirement for borrowing only ‘distinguished’ pieces for the museum collection to enhance the gallery exhibition. According to the Victoria and Albert Museum’s archive, P.K. Thornton⁴⁷³ (1925-2007) expressed his opinion on one of the British Rail Pension Fund’s objects intended for loan to the museum, when the loan was under negotiation in 1975,

⁴⁷¹ Archive of Art Investment: AN 198/2, (08.03.1976), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁷² Archive of Art Investment: AN 198/2, (05.07.1976), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁷³ Peter Kai Thornton CBE was the keeper of woodwork and furniture at the Victoria and Albert Museum from 1966 to 1984.

The barometer looks very handsome in the photograph but I am not really very keen to have it on loan. We could of course squeeze it into the 'Jones Galleries' but we are already very strong in this particular style and I have always felt it sensible only to borrow what we actually need rather badly.⁴⁷⁴

The British Museum also expressed their opinion of borrowing the owl Hu from the British Rail Pension Fund,

Regional diversity is an important feature of late Chou bronzes and is not yet adequately represented in the British Museum's collection.⁴⁷⁵

Since it was important for museums to select representative and complementary objects in light of their existing collections, loan exhibitions of the British Rail Pension Fund's objects were critically shaped by museum borrowing standards in both the acquisition and exhibition stages.

Another important change in 1976 was the consideration of international exhibitions suggested by the fund manager. Letters in the archive indicated that, "Mrs. Edelstein enquired whether the Sub-Committee would consider lending items to U.S. and Canadian museums, it was agreed that there was no objection to enquiries being made."⁴⁷⁶ This was the first mention in the official archive of an intention to arrange an overseas exhibition. The Works of Art Sub-Committee further discussed the arrangement of overseas exhibitions in early 1977,

After discussion it was agreed that every endeavor would be made to increase loans in the U.K., subject to insurance or other financial backing

⁴⁷⁴ V & A archive, Loans to the Museum, British Rail, 17/1169, (29.07.1975), Letter: to the Director by P.K. Thornton.

⁴⁷⁵ The British Museum archive, Loans in: O.A. Chinese ritual Bronze Hu, 46/66/12, (22.03.1979), Letter: from LRH Smith, keeper Oriental Antiquities.

⁴⁷⁶ Archive of Art Investment: AN 198/2, (08.03.1976), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

and satisfactory conditions. However, urgent consideration would also be given to the possibilities of loans to American Museums etc., particularly in respect of items purchased at sales in New York and Los Angeles.⁴⁷⁷

The motivation for seeking opportunities to arrange overseas exhibitions was unclear, according to the official archive of this period. Presumably international exhibitions could further establish and promote the provenance of the collection globally, which would probably attract international art buyers to participate in sales of the collection and increase competition at auction. Moreover, international institutions would cover insurance and storage costs for loan exhibitions.

To reduce maintenance costs of the collection, the Sub-Committee continued to develop their loan exhibition arrangements in 1976. However, papers in the archive indicated that several exhibitions negotiated in 1976 were cancelled for various reasons. One example was the negotiation with the Bristol Museum of Art, which was planning to borrow items valued at £1.25 million comprising the Chinese collection in 1976,⁴⁷⁸ but notified the Sub-Committee that they were unable to finance the exhibition in early 1977 due to a cut-back in local authority spending. The Sub-Committee suggested, “The Museum should be informed that unless they could make a firm decision fairly quickly the items would be offered to other interested parties (to reduce cost).”⁴⁷⁹ These difficulties encountered by the Sub-Committee in lending objects to domestic museums might be one of the

⁴⁷⁷ Archive of Art Investment: AN 198/2, (17.01.1977), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁷⁸ Archive of Art Investment: AN 198/2, (05.07.1976), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁷⁹ Archive of Art Investment: AN 198/2, (17.01.1977), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

motivations for seeking overseas exhibitions. The Chairman clearly stated the urgency of increasing loan exhibitions in a meeting in early 1977,

At the present time approximately 12% by insured value of the items acquired (£1.7m out of 14m) were actually on loan. In view of the further purchases which were likely to be made during the current season it was essential that every suitable avenue should be explored in order that this ratio could be increased significantly. Failure to achieve the required improvement could lead to the Trustees reducing the future level of investment due to the increasing costs of insurance and storage.⁴⁸⁰

This statement was purely based on the cost aspect of the investment operation, which certainly introduced pressure on the managerial company to actively seek out loan exhibition opportunities. After a meeting in 1977, the managerial team took a more aggressive approach in seeking to exhibit the collection in national museums, including the Bowes Museum, Leeds Castle and the Victoria and Albert Museum. Meeting minutes in the archive indicated in March of 1977, that “Mrs. Edelstein advised that since the last meeting.⁴⁸¹ considerable progress had been made in respect of loans to the Bowes Museum, Leeds Castle and the Victoria and Albert Museum which had considerably eased the problem.”⁴⁸² The Sub-Committee further indicated that,

The Bank of England had also approved, in principle, the proposition to loan items abroad, particularly to the United States where various museums had been contacted already, though the insurance cover to be provided and payment of transport costs were important aspects under investigation.⁴⁸³

⁴⁸⁰ Archive of Art Investment: AN 198/2, (17.01.1977), The National Archives Kew Garden, Meeting minutes: Works of art sub-committee.

⁴⁸¹ Works of Art Sub-Committee meeting on 17th January 1977

⁴⁸² Archive of Art Investment: AN 198/2, (31.05.1977), The National Archives Kew Garden, Meeting minutes: Works of art sub-committee.

⁴⁸³ Ibid.

Although the Sub-Committee intended to increase the number of exhibitions in overseas institutions, the loan exhibition list of the collection did not include overseas museums until 1979,⁴⁸⁴ and the overseas exhibitions of Chinese art did not start until 1984.

The list of objects exhibited in domestic museums was extended dramatically toward the end of 1977, and several museums such as the National Gallery, the Doncaster Museum and the Royal Scottish Museum were included,⁴⁸⁵ however the archive did not contain a detailed inventory list. The book value of total objects from the whole collection loaned to museums increased from £1.7 million in the beginning of year to £7.3 million approaching to 1978. At the same time, further attention was paid to the possibility of overseas exhibitions. As the archive indicated, Edelstein planned to travel to North America in the end of 1977, and intended to “finalize the administrative arrangements, so that loans could commence to be made overseas.”⁴⁸⁶ Further efforts were made during 1978 when two more domestic institutions were included in the exhibiting list in the beginning of the year.⁴⁸⁷ However, the fund manager notified the Sub-Committee that it was more difficult than anticipated to maintain the ratio of items on loan to the U.K.

⁴⁸⁴ Archive of Art Investment: AN 198/2, (17.05.1979), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁸⁵ Archive of Art Investment: AN 198/2, (29.09.1977), The National Archives Kew Garden, Meeting minutes: Works of art Sub-Committee.

⁴⁸⁶ Ibid.

⁴⁸⁷ Archive of Art Investment: AN 198/2, (01.18.1978), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

museums as measured by their book value.⁴⁸⁸ The main reasons causing difficulties for national museums in U.K. to accept and finance loans from the British Rail Pension Fund were lack of space, meeting the cost of insurance and in some cases because of the publicity generated.⁴⁸⁹ Publicity became an important reason for museums to reject the offer from the British Rail Pension Fund. For example, a letter in the Victoria and Albert Museum archive recorded one of the rejections made by that in 1975,

I happen to know that the piece was only sold the other day at the Monaco sale and fetched £14,000. I fear anonymous loans of objects which have recently changed hands for large sums, could all too easily give the Museum the reputation of a tax haven.⁴⁹⁰

In a meeting in 1978, the Sub-Committee clearly stressed the need for the manager to actively resolve the lack of expected exhibition opportunities for the collection. Furthermore, the Sub-Committee emphasized their positive attitude towards international exhibitions, particularly in the U.S.,⁴⁹¹ and several conditions of overseas exhibition were established by the Works of Art Sub-Committee. The most significant and influential requirement established by the Sub-Committee was to give domestic museums the priority in selecting items for loan exhibitions. It was recorded in the archive that, “items would be lent overseas only when they had been refused by U.K. museums in this connection a record was required to be

⁴⁸⁸ Archive of Art Investment: AN 198/2, (08.06.1978), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁸⁹ Ibid.

⁴⁹⁰ V & A archive, Loans to the Museum, British Rail, 17/1169, (29.07.1975), letter to the Director by P.K. Thornton.

⁴⁹¹ Archive of Art Investment: AN 198/2, (08.06.1978), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

maintained showing the offers made and response received.”⁴⁹² The reason to give priority consideration to domestic museums was unclear and there was no material in the archive to explain this condition. Unquestionably this requirement gave domestic museums such as the Victoria and Albert Museum, the British Museum and the National Gallery an advantage in borrowing objects from the collection of the British Rail Pension Fund. Considering these exhibitions attracted much attention from the public at this stage (national media reported on the issue, likely because national capital was being employed in the investment), it was probably a condition established by the British Rail Pension Fund to ensure the collection would first benefit the domestic community. This requirement was emphasized several times after 1978.

Loan exhibitions of the collection of the British Rail Pension Fund increased dramatically again between 1979 and 1980. Many categories in the collection were completed and closed⁴⁹³ as the acquisition stage approached its end, enhancing the ability to negotiate with museums for possible loan exhibitions. Shortage of space at museums and insurance costs still caused problems in reaching the expected ratio of objects loaned to museums during this period. But international exhibitions certainly helped to improve the situation as many objects had already been exhibited in overseas museums, which attracted more exhibition opportunities. The meeting minutes in the archive indicated at the end of 1979 that,

⁴⁹² Ibid.

⁴⁹³ ‘Closed categories’ indicate the Sub-Committee terminated the acquisition of certain categories according to their subjective opinion of the quality and quantity of those categories. Discussion of “closed categories” first appeared in the meeting on September 1979, see chapter three.

“there had been limited progress only in respect of U.K. Museums. There were, however, a number of offers outstanding from museums in America and Continental Europe and it was for consideration whether these should be pursued.”⁴⁹⁴ A dramatic increase in international exhibitions appeared at the end of 1979, but only in a small quantity compared to loan objects in domestic museums. Many important museums and institutions were included in the list of overseas exhibitions of the collection at this stage, such as the Detroit Institute of Art in U.S., the National Gallery of art in Washington U.S., the Indiana University Art Museum in U.S., the Musee du Louvre in Paris, the Musee de Petit Palais in Paris, the Musee d’Ixelles in Paris, and the L’Arte delle Settecento Emiliano in Bologna.⁴⁹⁵ Although objects from the Chinese collection of works of art were not involved in international exhibitions at this stage, these early efforts certainly enhanced the provenance of the whole collection of the British Rail Pension Fund.

The progress made by the managerial team with loan exhibitions built a firm foundation for the exhibition stage from 1974 to 1980. As the manager of Lexbourne reported in 1980, slightly over 30% of the portfolio by both book and insured value was on loan, which could be further improved if the government indemnity⁴⁹⁶ arrangements extended to provincial museums.⁴⁹⁷ A debate regarding

⁴⁹⁴ Archive of Art Investment: AN 198/2, (18.09.1979), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁹⁵ Most of the museums borrowed only one piece from the British Rail Pension Fund; Archive of Art Investment: AN 198/2, (18.09.1979), National Archive Kew Garden, Meeting minutes: Works of art sub-committee.

⁴⁹⁶ Government indemnity at that time was a scheme that covered insurance costs for public museums, galleries, and libraries to borrow objects from an international owner.

a possible selling opportunity appeared in 1980, after which the Trustees decided to terminate the acquisition stage and disbanded the Works of Art Sub-Committee and the managerial team. This change was significant to the whole collection of the British Rail Pension Fund, and symbolized the shift from acquisition stage to exhibition stage. The last meeting in 1980 recorded a summary of tasks accomplished by the Works of Art Sub Committee, including the purchasing program, receipt and storage of items acquired, loans to museums, insurance, stock control, and record of purchases movements and current location. The total spending of the investment reached £38.8 million, acquiring 2,132 pieces of works of art.⁴⁹⁸ As one of the major categories in the collection, the new team paid much attention to exhibiting Chinese works of art. The arrangement of loan exhibitions of the collection of Chinese works of art occurred not only in the acquisition stage, but also attracted international attention through overseas exhibitions during the exhibition stage, such as the loan exhibitions in Texas, U.S., which will be discussed later.

The exhibition of Chinese works of art started with a failed arrangement with the Bristol Museum in 1977,⁴⁹⁹ but increased rapidly afterward. The Sub-Committee clearly expressed their intention to seek an alternative venue to display the collection, which lead to a large group of objects being lent to the Victoria and

⁴⁹⁷ Archive of Art Investment: AN 198/2, (04.03.1980), The National Archives Kew Garden, Meeting minutes: Works of Art Sub-Committee.

⁴⁹⁸ Archive of Art Investment: AN 198/2, (31.03.1980), The National Archives Kew Garden, Meeting minutes: Works of art sub-committee.

⁴⁹⁹ Archive of Art Investment: AN 198/2, (05.07.1976), The National Archives Kew Garden, Meeting minutes: Works of art sub-committee.

Albert Museum in 1977. Chinese art was not the only category lent to the Victoria and Albert Museum, many other categories such as silver, watches and clocks, and objects of vertu⁵⁰⁰ were also displayed in the museum.⁵⁰¹ The complete inventory list of loaned Chinese objects was missing from the archive of both British Rail Pension Fund and the Victoria and Albert Museum. However, according to the auction sale catalogue produced in 1989, the first group of Chinese objects from the collection lent to the Victoria and Albert Museum in 1977, included: A ritual bronze covered wine vessel (fig.10) from the Shang dynasty (1500B.C.-1046B.C.), one of a pair of bronze ritual food vessels (fig.11) from the Shang dynasty (1500B.C.-1046B.C.), a marble head of a Lokapala (fig.34) from the Tang dynasty (618-907), a gilt-bronze figure of a lion (fig.35) from the Tang dynasty (618-907), a green-glazed stoneware lamp (fig.36) from the Sui dynasty (581-618), a modeled Sancai glazed pottery figure of a polo player (fig.16) from the Tang dynasty (618-907), a Sancai glazed pottery rhyton (fig.37) from the Tang dynasty (618-907), a lead glazed censer and cover (fig.38) from the Liao dynasty (907-1125), an enameled pink ground bowl (fig.32) from the Kangxi period (1662-1722), a Peking enamel censer and cover (fig.39) from the Yongzheng period (1723-35), and a pair of Peking enamel pricket candlesticks (fig.40) also from the Yongzheng period (1723-1735).⁵⁰² These objects covered a wide range of periods from the Shang to the 18th century. The official archive does not contain any information

⁵⁰⁰ Vertu is a commercial term means objects of art, such as snuff boxes, fans, and cigarette cards.

⁵⁰¹ V & A archive, Loans to the Museum, British Rail, 17/1169, (20.11.1979), letter to Mrs. Bury.

⁵⁰² Exhibitions recorded as the provenance of the Chinese collection of works of art in the two sales of 1989 by Sotheby's.

about this selection preference, but the general standard for selecting objects for the Victoria and Albert Museum was “only to borrow what we actually need rather badly.”⁵⁰³ Presumably these objects were representative pieces of different periods in the art historical canon at that time, and also complementary to the existing collection in the Victoria and Albert Museum.

The list of loaned Chinese works of art in the Victoria and Albert Museum was further extended in 1979, when several objects were added after those acquired after 1977 and this list recorded by the archive of the Victoria and Albert Museum. The Cizhou vase (fig.21) from 10th or 11th century, a marble Buddhist votive stele (fig.15a-b) from the Northern Qi dynasty (550-577), and a hundred deer vase (fig.41) from the Qianlong period (1736-1795) were all catalogued by the British Rail Pension Fund with a higher recommendation number,⁵⁰⁴ indicating later acquisition. The inventory list of loans from the British Rail Pension Fund to the Victoria and Albert Museum was solid evidence indicating the mismatch of objects, as discussed in chapter three. The sale catalogues clearly demonstrated that several Chinese objects displayed in the loan exhibition were excluded in the sales of 1989. A Famille Rose armorial plate⁵⁰⁵ from the Qing dynasty was lent to the Victoria and Albert Museum in 1979, but did not appear at the sales of 1989.

⁵⁰³ V&A archive, VA 76/1169, (29.07.1975), Letter: from P K Thornton to the director.

⁵⁰⁴ A number was given by the fund manager to catalog recommendations received from Sotheby's. A higher number indicates later acquisition. The numbers of these three items were 5394, 4838 and 5701. Compared with objects lent to the V&A in 1977, the number of these items were much higher.

⁵⁰⁵ V & A archive, Loans to the Museum, British Rail, 17/1169, (20.11.1979), Letter: to Mrs. Bury.

Presumably these mismatches indicate that the Works of Art Sub-Committee possibly managed to sell several pieces before the termination of the fund, through auctions at Sotheby's. The British Museum also borrowed objects from the Chinese collection during the acquisition stage, but on a comparatively smaller scale.

After the managerial team actively sought opportunities to display objects in international institutions in 1980, frequent contacts were established between the British Rail Pension Fund and overseas museums. According to the sale catalogues, the only institutions to exhibit the collection of Chinese works of art of the British Rail Pension Fund on a large scale outside the U.K. were the Dallas Museum of Art and the San Antonio Museum of Art, both located in Texas, U.S. The loan exhibitions at the Dallas Museum of Art started in the fall of 1985. As the museum bulletin recorded before the exhibition opened,

The Dallas Museum of Art has been fortunate enough to obtain on loan one of the most important collections of Chinese porcelain and works of art formed in the last ten years. The loan resulted from a visit last fall by Lady Stewart, Manager of the British Rail Pension Funds Art collection, who stopped in Dallas to see the city's new art museum and to meet with Director Harry Parker... Since the British Rail's collection is particularly strong in oriental art, a selection of Chinese objects representing all periods was a logical choice for an extended loan to the DMA.⁵⁰⁶

This loan exhibition of Chinese works of art became the first Chinese loan exhibition of the newly named Dallas Museum of Art, after the museum was officially opened to the public at the end of 1984. Following the introduction of the British Rail Pension Fund, the bulletin summarized the highlights in each

⁵⁰⁶ Dallas Museum of Art. 1985. "British Rail Pension Fund loans Important Chinese collection", *Summer Bulletin*, p.19.

category which would be exhibited in the Dallas Museum of Art from the fall of 1985, which included the marble stele (fig.15a-b) from the Northern Qi dynasty (550-577), the blue and white jar (24a-b) from the Yuan dynasty (1271-1368), a blue and white dish with phoenix pattern (fig.42) from the 15th century, a blue and white Meiping from the 15th century, and a blue and white dish with an Arabic inscription (fig.43) from the 15th century. The article also highlighted the works of art from the Qing dynasty with a general introduction to 18th century Chinese art, and comparison with collections in the Metropolitan Museum and Los Angeles County Museum, and the existing Dallas Museum of Art collection.⁵⁰⁷ This was a way of promoting the newly opened gallery by borrowing a collection of international repute, to attract attention from the public.

After the installation of the loan exhibition, the Dallas Museum of Art published a detailed review of the works of art from the Tang dynasty in the loan exhibition. The article stated that,

One particular period the viewer may see in some depth in the new display is that of the Tang dynasty (618-906 A.D.). The Tang period represented one of the high points of Chinese history, politically, economically and artistically.⁵⁰⁸

The review continued the object descriptions with a general history of the Tang dynasty and a history of manufacture during the period. Three pieces from the collection were noted as the highlights of works of art from the Tang period in the loan exhibition; the ‘splendid’ ceramic house, the guardian figure in the form of an

⁵⁰⁷ Ibid.

⁵⁰⁸ Anne R. Bromberg, 1985. “Looking at art: Tang ceramics figures: Bright Images for the Grave”, *Fall Bulletin DMA*, pp.14-15.

earth spirit and the ceramic polo player.⁵⁰⁹ Furthermore, the Tang objects on loan from the British Rail Pension Fund became the ‘art of the month’ in September 1985.⁵¹⁰ The Dallas Museum of Art also noted the significance of the Tang horse, which was illustrated as the ‘Star’ piece of the month with an enlarged photo.

Furthermore, the museum organized a self guided tour of the collection in September 1985, as recorded in the Dallas Museum of Art exhibition archive,

Fifty-eight precious works of porcelain, bronze, jade, and other fine materials are on long-term loan to the DMA from the British Rail Pension Funds collection. Located in the Third Floor Gallery, the collection...reflects the changing styles of the major Chinese dynasties.⁵¹¹

As a result, sixty-one pieces of Chinese works of art⁵¹² from the collection were lent to the Dallas Museum of Art for exhibition from 1985 to 1988, and shipped back to London and Hong Kong for sale in 1989. In terms of quantity of objects, the loan to the Dallas Museum of Art was the most important exhibition for the Chinese collection of works of art, covering almost every category of the collection and representing the scope of the collection to the public. Moreover, it was the only museum to exhibit the Tang horse to the public, which sold as the most expensive piece in the Chinese collection. All the objects displayed at the Dallas Museum of Art were catalogued in the sales by Sotheby’s in 1989.

⁵⁰⁹ Ibid: illustrations, pp.14-15.

⁵¹⁰ Dallas Museum of Art. 1985. “Tang Ceramics Figures from the British Rail Pension Fund”, *Dallas Museum of Art Calendar*, (09.1985).

⁵¹¹ Dallas Museum of Art. 1985. “Exhibitions, Collection Focus Tours”, *Dallas Museum of Art Calendar*, (09.1985).

⁵¹² “British Rail Pension Fund loan descriptions”, Archive of the Dallas Museum of Art.

Another important loan exhibition was held at the San Antonio Museum of Art in the U.S. approximately during the same period as the exhibition at the Dallas Museum of Art. According to the sale catalogues, nine Chinese objects were lent to the San Antonio Museum of Art from 1986, and shipped back to London and Hong Kong before 1989. Because the archive of the San Antonio Museum of Art related to this loan exhibition did not survive, it is only possible to reconstruct the inventory list through sale catalogues, which included, A cast bronze bell (fig.44) from the Eastern Zhou dynasty, a grey pottery tripod jar (fig.45) from the mid-2nd millennium B.C., a large Annamese (Vietnamese) blue and white dish (fig.27) from the 15th century, a blue and white bowl (fig.29) from the Yongle period, a dragon bowl (fig.46) from the Hongzhi period, a ‘documentary’ pillow (fig.47) from the Chenghua period, a ‘documentary’ blue and white altar vase (fig.33a) dated 1740, and a pair of coral-ground bowls (fig.48) from the Yongzheng period.⁵¹³ Similarly to Dallas, these loan objects also covered a wide range of time periods from the Shang dynasty to 18th century. There was a lack of recorded evidence to indicate the reason for the objects’ selection by the San Antonio Museum of Art. An interview conducted with James Godfrey (n.d.), the curator of Chinese art in the San Antonio Museum of Art in the 1980s, indicated that Lady Stewart visited the museum and negotiated a possible loan exhibition with the museum in mid-1980.⁵¹⁴ There was no explanation why both overseas “long term” exhibitions were held in Texas, U.S. Presumably the interest in a loan exhibition displayed by museums played an important role in determining

⁵¹³ These provenances recorded in the Sotheby’s catalogue of May 1989 and November 1989.

⁵¹⁴ Interview conducted with James Godfrey in 02.04.2014.

these location selections after 1980. Godfrey further suggested that the major donors of Chinese art to the San Antonio Museum were probably potential buyers for the collection of Chinese works of art of the British Rail Pension Fund.⁵¹⁵

A separate travelling exhibition arrangement was made for the marble Buddhist votive stele (fig.15a-b) from the Northern Qi dynasty from 1984 to 1985. The stele was exhibited in the travelling exhibition “Light of Asia: Buddha Sakyamuni in Asian Art”, which was exhibited in the Los Angeles County Museum, the Art Institute of Chicago, and the Brooklyn Museum in New York.⁵¹⁶ The exhibition was curated by Pratapaditya Pal and ran at the Los Angeles County from March to May 1984 and was then shipped to other museums for continuous exhibition. This was promoted as one of the most important exhibitions of Asian art curated during this period, when “over one hundred ninety sculptures and paintings drawn from Asian, European, and American collections has involved over four years of preparation”.⁵¹⁷ The stele was already on display at the Victoria and Albert Museum and shipped to the U.S. in early 1984 with other loans from the museum. As Carolyn Hopkins (n.d.) from the Far Eastern Department of Victoria and Albert Museum stated in a letter to Lady Stewart,

We told Pitt and Scott the stele would have to be unpacked and packed several times in America in different exhibition centres. I assume this to be the case as it is for the V&A loans to the same exhibition...⁵¹⁸

⁵¹⁵ Ibid.

⁵¹⁶ Pal 1984:272-3

⁵¹⁷ Ibid: 6.

⁵¹⁸ V&A Archive, British Rail Pension Fund 1986-1989, (30.11.1983), letter to Lady Stewart.

It was unknown whether the Victoria and Albert Museum paid for the shipping and insurance cost of the stele, but certainly the museum made similar arrangements for the objects in the Victoria and Albert Museum collection in this travelling exhibition. Moreover, as stated in a letter in the archive, the travelling exhibition terminated the loan of the stele to the Victoria and Albert Museum and Lady Stewart required the signing of a new loan agreement with the Victoria and Albert Museum at the end of 1984.⁵¹⁹ However, the stele did not ship back to London until 1989, as it continued to be exhibited on loan in the Dallas Museum of Art from 1985. The British Rail Pension Fund remained anonymous during the exhibition, as the catalogue stated, “the stele was from a private English collection presently on loan to the Victoria and Albert Museum.”⁵²⁰ The Victoria and Albert Museum was the only provenance promoted through the series of exhibition across the U.S. in this exhibition. The loan of this object was therefore different from the others as the British Rail Pension Fund normally revealed its ownership in the exhibition stage to promote future sales. The catalogue enabled the Victoria and Albert Museum to promote itself through the exhibition as the name of the museum was clearly cited in the provenance of the stele.

Loan exhibitions to national museums in the U.K. also increased after 1980 when the managerial team became active in negotiating loan exhibitions with museums and institutions who could apply for government indemnity. Museums such as the Victoria and Albert Museum and the British Museum continued their

⁵¹⁹ V&A Archive, British Rail Pension Fund 1986-1989, (11.01.1984), letter to Mr. Earle.

⁵²⁰ Pal 1984:140.

loan exhibitions of objects from the Chinese collection of the British Rail Pension Fund, but the majority of the long-term loan exhibitions took place in the U.S. The only domestic long-term loan exhibition established after 1980 was the exhibition at Fairfax house in York from 1985 to 1988, where eight pieces of Chinese works of art were displayed.⁵²¹ According to the auction sale catalogue, the inventory list of the loan exhibition in Fairfax House included a copper red and underglaze blue flask (fig.49) from the Qianlong period (1736-1795), a blue and white bottle vase (fig.50) from the Qianlong period (1736-1795), a pair of green enamel and iron red decorated jardinieres (fig.51) from the Kangxi period (1662-1722), a pair of blue ground dragon bowls (fig.52) from the Kangxi period (1662-1722), an enameled vase (fig.53) from the Yongzheng period (1723-1735), and a famille rose fluted bowl (fig.54) from the Yongzheng period (1723-1735).⁵²² It is notable that all the objects lent to Fairfax House were from the Qing period, which paralleled the history of the architecture.⁵²³ Although it was not possible to locate exhibition records at Fairfax House, Fairfax House already had a collection of Chinese objects including porcelain and jade, collected by Henry Ernest Leetham (n.d.), a local collector from York.⁵²⁴

Compared with other major cities such as London, Dallas, and San Antonio, York has a comparatively small population and economy, but it was an important

⁵²¹ Recorded in provenance in two sales catalogue of Sotheby's in 1989.

⁵²² Recorded in provenance in two sales catalogue of Sotheby's in 1989

⁵²³ Peter Brown, 1989. *Fairfax House York – An Illustrated History and a Guide*, York: York Civic Trust, p.8.

⁵²⁴ Terry Neol, Collection of the Fairfax House, (accessed 25.04.2016), <<http://www.fairfaxhouse.co.uk/the-collection/>>

place for the British Railways Company because of its location. The city was located halfway between London and Edinburgh and was the headquarters of the North Eastern Railway, as mentioned in chapter two. It was one of the most important hubs of British Railway systems and where the National Railway Museum is located. Although the archive did not disclose the intention to arrange a loan exhibition in York, the public exhibition certainly benefited local viewers, many of whom probably worked for British Rail during the period. It was not the only event arranged by the British Rail Pension Fund to benefit their pensioners; the archive indicated that part of the collection was exhibited at Liverpool's Walker Art Gallery for the Liverpool and Manchester Railway 150th anniversary in 1980.⁵²⁵ There was no catalogue dedicated to the art objects displayed at the anniversary. Although it was not an exhibition directly dedicated to the pensioners of the British Rail Pension Fund, it certainly benefited the employees of British Rail as a part of the celebration of the company's anniversary.

Another short-term loan exhibition was at the International Ceramics Fair and Seminar in London in 1986. The International Ceramics Fair and Seminar was an antique fair established in 1982, held annually for domestic and overseas ceramics dealers and collectors. The four-day fair started on 13th of June 1986, consisting of exhibitions and a seminar regarding antique ceramics made in different regions.⁵²⁶ According to the auction sales catalogues, thirty-six Chinese

⁵²⁵ Archive of Art Investment, AN198/9, (07.08.1979), The National Archives Kew Garden, Manager's Report.

⁵²⁶ Brian & Anna Haughton, 1986. *The International Ceramics Fair and Seminar*, London: I.C.F. & S. Ltd, pp.2-3.

objects from the collection of the British Rail Pension Fund were exhibited in the ceramics fair. These loan objects covered a wide time period and range of materials, including archaic bronzes and 18th century jades. The organizer of the ceramics fair certainly noted the significance of the collection of Chinese objects of the British Rail Pension Fund, and objects from the collection were presented as a special loan exhibition for its fifth anniversary. The organizer stated in the introduction of the fair's handbook that,

This year we are particularly delighted to have a loan exhibition of Chinese Ceramics from the British Rail Pension Funds Works of Art Collection. This exhibition is only part of the Pension Funds' extensive collection as many of their pieces are already on long term loan. We are indebted to the Trustees for giving the public a chance to view these marvelous items.⁵²⁷

This loan exhibition was arranged as a substitute event because of the sudden cancellation of the Koger collection of Chinese ceramics from the U.S., which was due to be displayed at the fair. As the fair organizer stated, "our special thanks go to Lady Stewart, the manager of the collection, for so magnificently taking up the challenge and working so hard to put this exhibition together with only a few weeks notice."⁵²⁸ This arrangement indirectly reflects on the active approach to loans during the 'care and maintenance' stage of the British Rail Pension Fund's collection, during which the British Rail Pension Fund was required to seek exhibition opportunities not only to reduce insurance costs, but also, as we have seen, to promote future sales. Julian Thompson, the main advisor for Chinese works of art from Sotheby's gave a lecture at the fair titled "patterns

⁵²⁷ Ibid: 3.

⁵²⁸ Ibid.

of early Chinese blue and white-original, revivals and fakes”.⁵²⁹ This loan exhibition which took place in 1986 would have been an important promotion opportunity for the sales in 1989, as dealers, collectors and curators gathered in London to view the collection of Chinese art of the British Rail Pension Fund. It was also the first time that the collection of Chinese art was attributed to the British Rail Pension Fund in London and many objects had never been seen by the public before.⁵³⁰ Unlike museum loans where works were most likely displayed in showcases accompanied by other museum-owned objects, the loan exhibition at the ceramics fair presented the fund’s Chinese collection on its own, which certainly delivered more information to potential buyers evaluating the general quality of the collection. In hindsight, this loan exhibition was one of the most important public promotions arranged by the British Rail Pension Fund during the exhibition stage. Although the objects from the collection were not for sale in the ceramics fair, it was the first and only recorded direct contact with the commercial market for the collection of Chinese art during its exhibition stage.

As we have seen, all the domestic museums in Britain, such as the Victoria and Albert Museum, were required only to cover the cost of transportation of loan exhibitions of the British Rail Pension Fund and no loan fee was charged.

Insurance costs were covered by Treasury indemnity for national museums in the United Kingdom, which certainly enabled the British Rail Pension Fund to further

⁵²⁹ Ibid: 8

⁵³⁰ It was the first public exhibition for objects such as the Arabic inscribed saucer dish from Zhengde period and a wucaï ewer from Wanli period that had not been displayed at the Victoria and Albert Museum and the British Museum.

reduce the cost of the operation. However, museums were still responsible for the safety of the objects lent for exhibitions, as recorded in the loan agreement:

If during the period of the loan the object(s) or any of them is/are lost or destroyed no matter howsoever by whomsoever or wheresoever such loss or destruction may be caused or arise the museum shall pay to the Board the current valuation of the object(s) as specified herein or such other current valuation as may subsequently have been agreed in writing between the Board and the museum.⁵³¹

The archive did not provide detailed insurance information on exhibitions held outside the United Kingdom. Some agreements with overseas regional museums stated that, “the museum shall take out and maintain during the period of the loan a policy or policies of insurance with an insurance company and in terms approved by the board in respect of its liability to the board under this agreement.”⁵³² However, there were also several exceptional cases, for example, as recorded in the agreement with the Paul Getty Museum in L.A., U.S., “while the objects are in the museum or in transit to or from it, the board (British Rail Pension Fund) will insure them under its fine arts policy with J.H. Minet and Co. Ltd.”⁵³³ It was also agreed that both domestic and overseas museums were required to arrange the shipment for objects entering and leaving the museums.⁵³⁴

⁵³¹ Archive of the British Rail Pension Fund, AN192/508, (16.11.1981), The National Archives Kew Garden, Agreement: the Loan of Works of Art and Other Articles to the Victoria and Albert Museum.

⁵³² Archive of the British Rail Pension Fund, AN192/508, (01.02.1982), The National Archives Kew Garden, Agreement: the Loan of Works of Art and Other Articles to the Archer M. Huntington Art Gallery.

⁵³³ Archive of the British Rail Pension Fund, AN192/508, (28.09.1981), The National Archives Kew Garden, Agreement: for the Loan of Works of Art and Other Articles to Paul Getty Museum.

⁵³⁴ All the agreements for loan exhibitions stated, “carriage to and from the museum will be arranged jointly by the board and the museum and is subject

Therefore the main cost to domestic museums in borrowing objects from the British Rail Pension Fund was the transportation of objects, and besides these, overseas museums sometimes also needed to cover the insurance for the loans from the British Rail Pension Fund. These terms significantly reduced the operational costs of the British Rail Pension Fund.

The impact of the exhibitions of Chinese art is mainly demonstrated by two aspects. Firstly, museums certainly benefited from borrowing these objects from the collection of the British Rail Pension Fund. Loans enriched the current display in the museums and completed their collections as complementary objects. Travelling exhibitions including British Rail Pension Fund objects further promoted the museum's brand. As Godfrey stated in an interview, "The British Rail Pension Fund's collection filled important gaps in the collection of the San Antonio Museum of Art for several years."⁵³⁵ This benefit received by the museums was particularly enhanced after permission was given for the publicizing of the loan exhibitions. As C.M. Kauffmann⁵³⁶ (n.d.) noted in a letter to the managerial company regarding two paintings lent to the Victoria and Albert Museum, "it is marvelous to have these splendid works here on loan and in connection with our conversation. I now enclose a draft press release for your

to approval of insurers of the objects. The cost of carriage to and from the museum will be borne by the museum".

⁵³⁵ Follow up question interviewed with James Godfrey by email on 17th August 2015.

⁵³⁶ Keeper of the department of prints and drawing and paintings of the Victoria and Albert Museum.

consideration.”⁵³⁷ It can be assumed that the same situation could apply to the loan exhibitions of the Chinese collection. Almost every domestic museum exhibiting the Chinese art of the British Rail Pension Fund already housed a comparatively strong collection of Chinese art, especially the British Museum and Victoria and Albert Museum. It was clear that in many cases, the British Rail Pension Fund’s collection was thus borrowed as a complement to fill the gaps of existing museum collections through a rigorous selection process and based on expertise in the subject. On the other hand, overseas museums who did not possess a strong Chinese collection, such as the Dallas Museum of Art, displayed the collection as a ‘highlight’ of the museum, regarding it as “one of the most important collections of Chinese porcelain and works of art formed in the last ten years”.⁵³⁸

Viewers of the museums would also have benefited from the enhancement of the museums’ display. As recorded in the agreement with the Victoria and Albert Museum, the British Rail Pension Fund did not object to “permission being granted to students or to visitors to sketch, draw or photograph the object(s).”⁵³⁹ This agreement became critical after the British Rail Pension Fund decided to reveal its ownership to the public. As viewers benefitted from studying these objects through museum exhibitions, museums encountered a dilemma. This was because space in museums was limited so only a restricted number of objects

⁵³⁷ V&A Archive, British Rail Pension Fund 1986-1989, (09.05.1977), letter to Mrs. Edelstein.

⁵³⁸ Dallas Museum of Art, 1985. “British Rail Pension Fund loans Important Chinese collection”, *Summer Bulletin*, p.19.

⁵³⁹ V&A Archive, British Rail Pension Fund 1986-1989, (25.07.1977), Letter: from department of education and science.

could be borrowed. Although loans could benefit museums through enhancing displays, sacrifices needed to be made in order to combine museum collections and loan objects together in one display. In at least one case, the conflict certainly caused problems for curators of the Victoria and Albert Museum. As recorded in the archive of the Victoria and Albert Museum, Rose Kerr⁵⁴⁰ (1953-) stated her opinion about a possible acquisition from the collection of British Rail Pension Fund to the museum's director,

This department does not propose to acquire any loan item. In fact, subject to your approval, and following future discussion with colleagues from other departments, I could be more than happy to send the whole lot back as soon as possible-we can then use the space to display fantastic objects that actually belong to us.⁵⁴¹

Therefore, while museums benefited from the loans, they still needed to make compromises to house the objects, and not everyone agreed that items should be borrowed from other collections.

The other significant impact of the loans was the promotion of the objects for the future termination of the operation. This was the unique method of operating an investment in works of art at an institutional level, a contrast from other previous investments. As discussed above, the early intention of the arrangement of loan exhibitions was mainly to reduce the cost of the operation. The loan exhibitions not only enabled the fund to reduce its operational costs, but also enhanced the reputation of the collection as a whole, which was clearly

⁵⁴⁰ Keeper of the Far Eastern department of Victoria and Albert Museum, retired at 2003.

⁵⁴¹ V&A Archive, Far Eastern Department, (20.07.1987), Letter: to director from Rose Kerr.

considered by Sotheby's in the early acquisition stage. However, using loan exhibitions to promote future sales was progressively implemented by the British Rail Pension Fund as the collection became more complete. The most significant turning point happened in 1980 when both Sotheby's and the fund manager recommended holding the collection for a longer period of time to promote the future sale, as discussed in chapter three.

As noted in chapter three, the reason for terminating the acquisition of works of art was simply the realization of the investment in light of the recovery in the general economy. Other sectors in the economy of the United Kingdom started to recover slowly after 1978. As the equity market, the most important investment option of the British Rail Pension Fund, started to show signs of recovery, the Trustees of the British Rail Pension Fund decided to terminate further acquisitions and seek a sale opportunity. As recorded in the meeting minutes in the archive, the Sub-Committee noted that, "on a time weighted basis this (the collection) shows an annual rate of growth after expenses of 12% per annum and compare(s) with a rate for the Financial Times Actuaries All Share Index on the same basis of 13.8%."⁵⁴² While waiting for a suitable opportunity to sell the major categories in the collection including the collection of Chinese works of art, loan exhibitions in major museums became an important method to reduce costs and increase publicity for the collection. This collecting strategy was entirely different from the

⁵⁴² Archive of Art Investment, AN198/9, Investment in Works of Art, (19.03.1980), The National Archives Kew Garden, Meeting minutes.

traditional approach to art collecting, as a planned future sale to seek profit was intended from the earliest stages of the collection's formation.

In terms of value, objects in the collection of Chinese works of art benefited from the loan exhibitions in both domestic and international museums and institutions. The impact of the loan exhibitions was indirectly reflected in the prices achieved in the two sales of the Chinese collection in London and Hong Kong. As mentioned in chapter four, all the top price objects in the collection art had been displayed in public for a long or short period of time. The museum provenance indirectly established the authority of authenticity of the object displayed. The acceptance of loan objects by the experts and curators of the museums and their displays in a public space funded by the nation was a strong message and evidence to potential buyers of the rarity, outstanding quality and condition, and significance of the objects, in art historical and educational terms. Museums such as the Victoria and Albert Museum could further demonstrate the aesthetic value of the loan objects to the public, through displaying it among other museum owned objects. Acceptance of loans from the Chinese collection of the British Rail Pension Fund legitimized the collection and established connections with other 'national treasures' in the holdings of museums.

Although only a part of the collection has been displayed in museums, the reputation of the entire collection of the British Rail Pension Fund was also enhanced through this series of public exhibitions. Therefore, loan exhibitions promoted not only the individual item or a group of items, but also other objects in

the collection because of the ‘brand name’ connection. Loan exhibitions in museums and fairs became a kind of advertisement for future sales, which attracted attention from the public. Moreover, public exhibitions allowed potential buyers to research and study the objects before the sales. As Mee-Seen Loong noted in a discussion of the aim of the travelling exhibition of the Tang horse before the sale in London, “it was important for collectors in Hong Kong to see what is the best in Tang”.⁵⁴³ The Tang horse was certainly the most successful example in the collection which benefited from exhibitions and public attention. Publicity generally promoted the sales of the collection at that time, but in the view of the British Rail Pension Fund, it also attracted unnecessary attention from the public and authorities, which will be discussed later.

⁵⁴³ Video, “The Missing Tang Horse, Sotheby’s, Sotheby’s 40 years in Asia”, (accessed 25,04,2016), < <http://www.sothebys.com/en/specials/40-days-40-stories/2013/09/tang-horse.html>>.

2. Impact of publicity

Publicity was one of the most important methods to promote the sales of the collection to secure the future financial benefit for the British Rail Pension Fund. Nevertheless, it also attracted negative attention from the media and authorities questioning the operation of the art investment. As major media outlets such as *The Times* regularly reported on the issue of the confidential operation of the British Rail Pension Fund, the idea of using art as an alternative investment vehicle became more controversial under the national spotlight. Many other media outlets also reported on the art investment of the British Rail Pension Fund, but it was *The Times* that dominated on the issue because of the expertise of Geraldine Norman. The collection was arguably one of the most influential cases at the time, not only because of the size and quality of objects gathered, but also the many connections with national institutions and overseas museums. Attention was attracted due to the use of national financial capital to invest in the art market, especially during a period of economic depression. Because of the publicity of the collection, questions such as whether art was the right option for Pension Funds to invest in are still debated now. Scholars such as David Blake have argued that,

Despite being copied by many companies throughout Europe and the USA, the British Rail Pension Fund art collection has had a controversial history...Given the costs of holding them, the gross return on collectibles has to exceed that on financial assets by a sizeable margin before it dominates the return on financial assets.⁵⁴⁴

⁵⁴⁴ David Blake, 2003[1995]. *Pension Schemes and Pension Funds in the United Kingdom*, New York: Oxford University Press, p.436.

The Times published a series of articles on the investment of the British Rail Pension Fund from 1974, not only commenting on the operation, but also providing a platform for the discussion of various issues. Many important announcements such as the response of the Chair of the Works of Art Sub-Committee Chris Lewin and the rebuttal of the chair of British Antique Dealers Association initially appeared in *The Times*. Therefore, archival research focused on *The Times* in order to explain the influence and impact of the publicity received by the collection of the British Rail Pension Fund.

The impact of the publicity of the collection on art collecting and investment is a complex and sophisticated phenomenon. On one hand publicity generated publicity of the collection, on the other hand it also raised criticism. Not only was it under scrutiny from the national media, the operation was also questioned by individuals and organizations in the art market and government sectors, such as the British Antique Dealers Association and the Railway unions. The operation had initially been reported by *The Times* on the front page at the end of 1974 when the British Rail Pension Fund had just launched its collaboration with Sotheby's. Sotheby's announced that the role of the auctioneer was to act as both buyer and sales agents in this operation, raising the question of a conflict of interest that was noted by the reporter. As the report stated, "it is Sotheby's responsibility to advise their consignors on reserves, or the minimum acceptable price to stick out for, if they were buying agents also they could arrange prices at

any level that seemed suitable.”⁵⁴⁵ Certainly, ability to arrange prices at a ‘suitable’ level was an ambiguous description of the responsibility of Sotheby’s. Potential conflicts of interest were noted by the press. Other media such as *The Guardian* and *The Irish Times* also followed *the Times* in reporting on the issue.⁵⁴⁶

Different opinions towards the operation were gathered by the press in a later publication in 1974. The general secretary of the Associated Society of Locomotive Engineers and Firemen was noted to have stated that,

As a union representative on the investment committee he has fought the idea from the start...a scheme should be found that would directly benefit the industry, such as buying surplus land being sold off by British Rail, and developing it in housing for rail employees.⁵⁴⁷

Conversely, as reported by *The Times*, Sidney Weighell(1922-2002), the general Secretary of the National Union of Railwaymen, expressed his supportive opinion towards the operation, stating that, “we have to preserve the value of our pension fund. We are living in times of 20 per cent inflation. These works of art are more than likely to retain their value, and indeed improve on it as time goes by.”⁵⁴⁸ At the same time, museums certainly held an optimistic opinion of the operation, because the fund expressed their intention to place the works of art in public

⁵⁴⁵ Geraldine Norman, 1974. “British Rail Pensions cash goes into old masters”, *The Times*, (17.12.1974), p.1.

⁵⁴⁶ Jackie Leishman. 1974. “BR’s venture into art gets no bids from the dealers”, *The Guardian*, (18.12.1974), p.7; *The Irish Times*, 1974. “British Rail invests in art”, *The Irish Times*, (18.12.1974), p.5.

⁵⁴⁷ Geraldine Norman, 1974. “Mr. Buckton tells BR, buy land, not art”, *The Times*, (21.12.1974). p.2.

⁵⁴⁸ Ibid.

museums. As the director of the Tate Gallery stated in the same article, “he was heartened by the interest of any new group.”⁵⁴⁹

In the same article, the author conducted further research using data analysis to demonstrate the behaviour of the art market in recent years. Following her experience in composing the *Times-Sotheby's Index*, Geraldine Norman expressed her concern at the operation using examples of sale prices on the art market to demonstrate the risk involved, and movement in price in selected categories of Chinese art was one of her pieces of evidence. As she pointed out in her article,

Fashion in the 1920s embraced in addition to the English portrait school... and Famille Jaune and Famille Noire Chinese porcelain. Similar calculations could be made to demonstrate the non-desirability of investing in these fields. And similar comparisons could be made with many other periods of history...the past six months has seen a collapse in prices...nobody knows the value of Chinese ceramics anymore; Christie's sold a famille rose bowl this autumn for £1,900 whose twin made £15,000 last April.⁵⁵⁰

The article concluded, “there are and always will be marvelous opportunities for speculation in the art market...but the idea that art is a solid and safe investment medium is a fallacy.”⁵⁵¹ As an experienced observer of the art market, the author's expression of concern at the operation is significant as it provided a guideline for the public.

⁵⁴⁹ Ibid.

⁵⁵⁰ Geraldine Norman, 1974. “Why British Rail may be on the wrong track on its investment in the art market”, *The Times*, (21.12.1974). p.10.

⁵⁵¹ Ibid.

A more aggressive tone was used in a letter to the editor after three articles were published in *The Times* in 1974. Mr. J.E. Humphrey stated in the letter,

I would lock up the trustees over the festive season in a room stuffed with fake ikons(icons), plastic gnomes, elephant-foot umbrella stands, Monarchs of the Glen painted by numbers and souvenirs of Margate made in Hong Kong. And, Sir, their guests would be those latter day materialists who used to compile the ghastly array of digits known as the Times-Sotheby's Index-that speculator's vademecum which, mute on all criteria save price, and about as sensitive to beauty and craftsmanship as a mechanical grab, was a good deal responsible for this sort of patronage of the arts.⁵⁵²

The author not only questioned the operation of the British Rail Pension Fund's investment in works of art, but also opposed the general idea of using art as an investment tool to gain financial benefit. The question of the rightful usage of art was raised many times after the establishment of the *Times-Sotheby's Index* as discussed in chapter two. Even though the research for the index was discontinued in the early 1970s, the British Rail Pension Fund's newly announced investment strategy created the opportunity to reconsider the role of art in society. The question became more complicated because of the Fund's identity as an institutional investor, meaning failure in the art market could further damage pensions during a period of high inflation.

The press paid further attention to the detail of the operation of the British Rail Pension Fund in 1975. The establishment of a joint company as the purchasing agent was also reported by *The Times* on the front page. As recorded in an article in the beginning of 1975, "Sotheby's the fine art auctioneers, and British

⁵⁵² J.E. Humphrey, 1974. "British Rail and the art market", *The Times*, (24.12.1974), p.11.

Rail have chosen the name Parthenon Investments Ltd for their joint art investment company, which registered on December 18 with a capital of £100 in £1 ordinary shares.”⁵⁵³ This establishment of the joint company embodied the formal launch of the investment in works of art, and concerns were raised not only in the financial sector, but also by other buyers in the art market. For example, the British Antique Dealer’s Association was concerned about the potential influence the operation could possibly have on the art market. As result, an open letter was addressed to Richard Marsh (1928-2011), the chairman of the British Railways by the association president, George Levy(1927-1996), which stated, “I would be very grateful if you would be kind enough to let me know the extent of involvement of British Rail or its nominees in the buying and selling of works of art and antiques.”⁵⁵⁴ Interestingly the open letter was addressed to British Railways instead of the British Rail Pension Fund and the name of British Rail started to frequently appear in the press, instead of focusing on the British Rail Pension Fund. Although the British Railways Board was the trustee of the British Rail Pension Fund, the issue of investment works of art was never discussed in the records of the board meetings of British Railways during the period. The investment was operated with comparative autonomy at this stage, as the British Rail Pension Fund made investment decisions by itself on every individual option. However, it is also worth noting that as a service provider of pension management for workers of the British Railways, the British Railways Board had the power to oversee the

⁵⁵³ Sale Room Correspondent, 1975. “British Rail and Sotheby’s name joint art venture”, *The Times*, (11.01.1975), p.1.

⁵⁵⁴ Geraldine Norman, 1975. “Dealer pays £14,700 for 17th century carpet”, *The Times*, (14.01.1975), p.16.

operation the British Rail Pension Fund. An open letter addressed directly to British Railways created pressure on the operation of the investment in works of art.

This pressure forced British Railways to become involved in the discussion of the rightful usage of pensioners' money to invest in art market. British Railways clarified in the press that the British Rail Pension Fund was private, not employing national or state money, and further stated that, "we have been looking towards the acquisition of works of art as worthwhile investments to earn money for the fund."⁵⁵⁵ However, evidence to indicate operational details was never revealed to the public by the British Railways Board, neither did the British Rail Pension Fund reveal the details of the operation. The investment might not have directly utilized any national or state money, but the British Rail Pension Fund certainly took advantage of its relationship with British Railways. For example, the central storage of the collection was in the vault under St. Pancras station, which was a property owned by the Railway Company. There was no evidence in the archive of any cost of using the space to store the collection, which could be seen as a 'free lunch' for the British Rail Pension Fund. This article further explained the difficulty of finding solid investments during the period, because of high inflation. Compared with other sectors of alternative investment, the art market had advantages, in terms of international recognition, to mitigate the risks of a depreciating value of sterling. The inelastic supply of works of art also naturally

⁵⁵⁵ Art Reporter, 1976. "Rail Pension fund has £3m invested in art", *The Times*, (13.07.1976), p.2.

pushed up the price of works of art, especially in the antiques market. Moreover, the British Rail Pension Fund stated that the responsibility of the fund was to secure the future pensions for the retired workers, rather than for corporate benefit, and that the British economy was at risk due to high inflation.⁵⁵⁶ The argument over rightful usage of pension funds was discussed in a much wider social context because of the involvement of national owned institutions. Certainly it was very rare to find another collection formed in a similar situation of national attention and, as one of the major categories, the collection of Chinese art never escaped from the national spotlight during this period.

Investment in works of art was not a common practice for pension funds. Most of the marriages between art and finance were dealing in works of art rather than collecting and exhibiting in public spaces. Moreover, as pension funds tend to use a conservative approach in their investment operations, motivated by the need to secure future pensions for retired employees, risky investments such as investing in art were certainly rare. Therefore, questions about the operation attracted attention again when other pension funds in the United Kingdom selected different alternative options to hedge the risk of inflation. *The Guardian* reported the individual response to the investment of a British Rail officer, “As an individual, I felt that the money could be better invested elsewhere. We’re an organization crying out for money ourselves. I feel it’s a bit immoral to invest our

⁵⁵⁶ Art Reporter, 1976. “It is not easy to find good investments”, *The Times*, (13.07.1976), p.15.

funds this way.”⁵⁵⁷ Meanwhile, other nationally owned pension funds faced the same problem as the British Rail Pension Fund. In late 1977, the National Coal Board pension fund decided to direct more of its resources toward the support of small companies. As reported by the press, Ronald Pullen, the manager of the National Coal Board pension fund, announced that their intention was to invest substantial sums, up to 30 percent of their annual £200m cash flow, across a wide range of industrial finance activities. The article stated that, “its move, coming at a time when the problems of small companies are a matter of increasing debate, is likely to have an important influence on the thinking of other investing institutions on their role in financing British industry.”⁵⁵⁸ The article further stated that, “although pension funds have shown an eclectic interest in other forms of investment in the past - such as the British Rail Pension Fund’s investment in art - almost all of their funds have gone into marketable securities and property.”⁵⁵⁹ The article did not directly criticize the investment in works of art of the British Rail Pension Fund, but clearly emphasized that it was a distinctive operation to hedge inflation compared with other pension funds. Although pension funds operated in a conservative manner, cautiously selecting investment options, many of them still decided to finance British industries during this difficult period.

Concerns expressed by individual workers of the Railway systems attracted attention from the union. *The Times* reinforced the issue of rightful usage of

⁵⁵⁷ Richard Redden, 1976. “Works of art in fund opposed”, *The Guardian*, (08.06.1976), p.15.

⁵⁵⁸ Ronald Pullen, 1977. “NCB fund to invest more in small companies”, *The Times*, (12.10.1977), p.17.

⁵⁵⁹ Ibid.

financial capital of pension funds in a later report by summarizing some opinions from the Union, “Mr. Bowman has said that the fund may stand to lose a substantial sum from its art purchases. He feels that the money would have been more appropriately invested in British industry, where it could have helped to create new jobs.”⁵⁶⁰ The National Union of Railwaymen also announced that long-term investments to protect members’ interests in the future was important to the union, but the question of “getting the pension fund to pull out of the art market had not even been discussed by the union”.⁵⁶¹ Norman also reported in her investigation of the operation, on the same page, that,

It was the first time the City’s vast resources of managed money had successfully been tapped for spending on art and, as far as is known, that initiative remains unique...the spread is known to include early Chinese porcelain, eighteenth century sculpture...the secrecy surrounding the purchases makes it impossible to assess how wise they have been.⁵⁶²

These criticisms raised concerns about the confidentiality of the operation in works of art, which was enforced by the Works of Art Sub-Committee, to avoid increasing competition in the art market during the acquisition stage. Surprisingly, serious investigation into the operation was never conducted by the union at this stage, even though questioning comments had been constantly reported by the press. Interestingly, a private view of the collection had been arranged by the

⁵⁶⁰ Alan Hamilton, 1977. “Rail unions to have more say in running of pension fund which spent £11m on works of art”, *The Times*, (19.12.1977), p.3.

⁵⁶¹ Ibid.

⁵⁶² Geraldine Norman, 1977. “purchases surrounded by secrecy”, *The Times*, (19.12.1977), p.3.

managerial team for the union leader and the British Railways Board, possibly helping the British Rail Pension Fund gain support from the union.⁵⁶³

Conflict of interest was another key issue criticized by the press during the acquisition stage. Firstly, the press questioned the potential conflict of interest that could exist between the British Rail Pension Fund and the managerial team. As John Morgan (n.d.) had been newly appointed as the general manager of the British Rail Pension Fund in the end of 1977, the press noticed that he was also a collector himself. His collecting experience certainly afforded him further knowledge of the art market. As the report stated, “As a modest art collector himself, he is open minded about British Rail’s foray into the world of art. The pension fund now owns about £11m worth of paintings.”⁵⁶⁴ However, it also implied that a potential conflict could exist if the manager took advantage of the purchase program for his own interest. In response, the newly appointed manager stated that, “he is at least reasonably confident that his own small collection of modern British painters - an Ivon Hitchens, Roger Hilton and Peter Lanyon among others - will not represent a conflict of interest.”⁵⁶⁵ Secondly, the question of implied conflict of interest for Sotheby’s was raised by the press in the beginning of 1978 when many objects were displayed at Doncaster Museum of Art Gallery. An article in *The Times* stated that the operation was definitely beneficial to Sotheby’s through

⁵⁶³ Interview conducted with Chris Lewin in Edinburgh in 11th April 2014 confirmed the private exhibition was held at Bond St London.

⁵⁶⁴ The Times, 1977. “Business Diary: BL’s Horrocks, Morgan and BR”, *The Times*, (21.12.1977), p.17.

⁵⁶⁵ Ibid.

commissions. “Sotheby’s clearly mark the pensioner’s card at an important sale, suggesting items worth considering and a maximum price.”⁵⁶⁶

All the questions and criticism from the press, unions, art market and other financial institutions attracted attention from politicians. As reported in early 1978, “the investment policy was criticized by MPs at a Commons committee hearing on Wednesday (4th February 1978) and a government inquiry was sought by Mr. Andrew Faulds(1923-2000), Labour MP for Warley, East.”⁵⁶⁷ As the chairman of the Investment in Works of Art Committee, Lewin responded to the inquiry, “Statistics showed that over the past 25 years art produced a higher return than ordinary shares, taking account of capital and accumulated income.”⁵⁶⁸ He further denied that any conflict of interest existed between the operation and Sotheby’s but did not reveal details of the contract. Sotheby’s was not questioned about the investment of works of art of the British Rail Pension Fund. However, the introduction of the buyer’s premium in 1975 and the art investment of the British Rail Pension Fund left Sotheby’s with a fairly “unpopular public image”.⁵⁶⁹

This attention became a series of debates after the British Museum was beaten by the British Rail Pension Fund in competition for an English gilt bronze candlestick base from the twelfth century sold at Sotheby’s. The British Rail

⁵⁶⁶ Geraldine Norman, 1978. “BR shows off its art treasures”, *The Times*, (11.01.1978), p.4.

⁵⁶⁷ The Times, 1978. “Rail pension fund is buying art widely”, *The Times*, (04.02.1978), p.2.

⁵⁶⁸ Ibid.

⁵⁶⁹ Geraldine Norman, 1978. “Sotheby’s launches arts sponsorship program”, *The Times*, (15.03.1978), p.2.

Pension Fund purchased the candlestick through Eskenazi for £550,000 in June 1978⁵⁷⁰ and the story became front page news.⁵⁷¹ This event offered solid evidence of the existence of competing interests between the British Rail Pension Fund and other potential buyers such as national museums, which increased the competition in the art market. Peter Hordern(1929-), the MP for Horsham and Crawley expressed his view in a letter stating that,

I hope that many people were disturbed to see that the British Rail Pension Fund had paid £550,000 for a 12th century English gilt altar candlestick, topping a bid made by the British Museum in doing so. We are less likely to see it now, if we see it at all, than if the museum had bought it. But what is worse is that it is not the British Rail Pension Fund, but the British Taxpayer who has bought this candlestick...the government is advancing our money to buy a precious candlestick for a select group of people, instead of using that money to reduce its own enormous borrowing requirement.⁵⁷²

Even though the British Rail Pension Fund claimed its identity as a private fund, the issue of using national money was raised again by the public. This letter was followed by two responses in late June 1978, both critical of the comment made by Hordern. D.C. Damant (n.d.) stated in his letter that, “what is wrong with the British Rail Pension Fund’s art purchases is not that they are wrong but that they are right. The return on industrial investment is too low.”⁵⁷³ Whitfield Foy (n.d.) argued that,

Why does Mr. Peter Hordern (June 27) get so steamed up about the taxpayer having to pay for the recent acquisition of British Rail? Who does he think would have been paying for it had the British Museum bought it? And shouldn’t a good Tory applaud when he sees his political opponents -

⁵⁷⁰ Eskenazi 2012:70.

⁵⁷¹ Geraldine Norman, 1978. “£1.2m medallion sets record for the work of any craftsman”, *The Times*, (23.06.1978), p.1.

⁵⁷² Peter Hordern, 1978. “BR Pension Fund’s art purchase”, *The Times*, (27.06.1978), p.17.

⁵⁷³ D.C. Damant, 1978. “British Rail purchases”, *The Times*, (30.06.1978), p.19.

a nationalized industry - playing the system of which he and his party approve?⁵⁷⁴

These debates about the operation of the British Rail Pension Fund's investment in art thus took place in a much wider context including criticisms of political bias and conflict of interest.

The formal response to all the criticisms from the British Rail Pension Fund to the public was published on 4th of July 1978, a comparatively immediate response made by Chris Lewin to explain the situation of the investment. This was also the first response from the Works of Art Sub-Committee, who were fully responsible for the investment in works of art. Lewin emphasized the fact that only a small proportion of the funds have been invested in works of art. With total fund capital of over £400 million, only 3 per cent had been diverted into the art market. Most of the money was still invested in British shares and commercial properties. It was believed by both the management and trade unions of the pension funds that all these assets, including works of art, were likely to offer protection against inflation.⁵⁷⁵ This point raised by Lewin is proved by the minutes of the Board meeting of the British Rail Pension Fund in 1978, which note when various investment options started to attract attention from the Board and capital started to be allocated in those areas.⁵⁷⁶ Certainly, in 1978 art was not valued as highly to the British Rail Pension Fund as in 1974, since many sectors had already started to

⁵⁷⁴ Foy Whitfield, 1978. "British Rail purchases", *The Times*, (30.06.1978), p.19.

⁵⁷⁵ C.G. Lewin, 1978. "BR pension funds art purchases", *The Times*, (04.07.1978), p.17.

⁵⁷⁶ Archive of the British Rail Pension Fund, AN 192/468, (1978), The National Archives Kew Garden, Meeting Minutes: various records of the Board.

show signs of recovery by the year 1978. Lewin also stated that there was no evidence that manufacturing industry is short of funds, and that the nation's interest will be benefited through the display of works of art purchased by the fund in museums. Works of art such as the medieval bronze candlestick purchased recently would be on view shortly at the British Museum.⁵⁷⁷ As mentioned above, these pressures from public criticism were an important factor that forced the British Rail Pension Fund to offer loan exhibitions with priority for domestic museums. Lewin further explained the difference in operation of the pension fund after 1974, which was financed jointly by employer and employee on a partnership basis. The trustees thus should "continue to be free to invest in whatever seems likely to protect member's pension rights in the future."⁵⁷⁸ *The Guardian* also reported the growing demand for art,

The supply of works of art outside museums continually diminishes, whereas demand will increase as new museums continue to be established, especially in the United States, and, in due course, in the developing nations...there is evidence, too, of increasing interest among private collectors.⁵⁷⁹

However, the competition in bidding for the candlestick sent a strong signal to the art market that the interference of large amounts of capital in the art market had begun. As Denis Mahon (1910-2011) stated in the press,

The massive operations of British Rail, apparently amounting to several million pounds a year have already led to artificial distortions of the relatively small and delicately balanced art market, not only by reason of their actual purchases but also (as the director of the British Museum

⁵⁷⁷ C.G Lewin, 1978. "BR pension funds art purchases", *The Times*, (04.07.1978), p.17.

⁵⁷⁸ Ibid.

⁵⁷⁹ Donald Wintersgill, 1978. "Rail pension fund buys more art works", *The Guardian*, (03.05.1978), p.32.

rightly pointed out) by ‘driving up prices when they are under-bidders’...if the market continues to rise at the present vertiginous rate, our museums will be faced in the end with a enormous bill of reckoning in order to retain the objects.⁵⁸⁰

Furthermore, dealers expressed their concerns about long term investment in art, based on their own experiences. As Hugh Leggatt (1925-2014) stated in *The Times*, holding inventory for a long time could “jeopardize” the future pension of young railway employees “into a pure gamble”.⁵⁸¹ However, market researcher Frank Herrmann, the author of the history of Sotheby’s, stated in a follow up letter to support the investment that,

From the evidence of the past 35 years there is virtually no sector of the markets in which as investment would not have shown a capital appreciation at least as high, and usually very much higher, than any similar investment in the general run of stocks and shares, as long as the purchases have been retained for 10 years or more...the world’s most successful art dealers are certainly the ones who have bought and still buy stock for the long term and not for immediate –resale.⁵⁸²

Herrmann’s letter also received criticism because his research into the history of Sotheby’s might itself be a cause of bias.⁵⁸³

Although the debate became more aggressive in the press, until 1978 museums had remained comparatively silent, presumably to avoid potential conflict and criticism. The first analysis of the loan exhibitions in national museums published in August 1978, stated that

The directors of the national major museums and galleries have decided to a man that British Rail is doing them a good service, they are receiving

⁵⁸⁰ Denis Mahon, 1978. “Investing in art”, *The Times*, (15.08.1978), p.13.

⁵⁸¹ Hugh Leggatt, 1978. “Risk of investment in art”, *The Times*, (22.08.1978), p.13.

⁵⁸² Frank Herrmann, 1978. “Investment in art”, *The Times*, (25.08.1978), p.11.

⁵⁸³ George J. Levy, 1978. “Investment in art”, *The Times*, (02.09.1978), p.13.

great works of art on long term loan which means that the British public can enjoy them.⁵⁸⁴

Many of the objects purchased by the British Rail Pension Fund were considered as ‘national heritage’, and saving works of art for the nation, albeit temporarily because of the planned future sale of the collection, certainly benefited British society. Advance notice was to be given to the museums and galleries before the British Rail Pension Fund withdrew any of the loan items, which gave a chance to the museums to find purchase funds after the loan exhibition.⁵⁸⁵ For example, before the British Rail Pension Fund required the return of withdraw the owl Hu for the auction sales in 1989, the British Museum sent an urgent telegram to the British Embassy in Beijing to reach Jessica Rawson⁵⁸⁶ (1943-), who was researching in Xi’an China in late 1988, stating “BR Pension Fund selling its Hu. Director asks do we need it, and can you find someone to buy it? Current indemnity £180,000, sale price not known...urgent reply soonest.”⁵⁸⁷ Rawson suggested the museum to refuse any offer from the British Rail Pension Fund on the owl Hu because of its high estimated price.

Many objects were lent to the British Museum, the Victoria and Albert Museum and the National Gallery during this period. In 1978, the director of the Tate Gallery stated, “oh dear, have we been left out? Perhaps I’d better have a

⁵⁸⁴ Geraldine Norman, 1978. “The British Rail collection-keeping it in the country”, *The Times*, (03.08.1978), p.14.

⁵⁸⁵ Ibid.

⁵⁸⁶ Jessica Rawson served as keeper of the department of Oriental Antiquities at the British Museum from 1976 to 1994.

⁵⁸⁷ The British Museum archive, Loans in: O.A. Chinese ritual Bronze Hu, 46/66/12, (08.11.1988), Telex: from Robert Knox, Oriental Antiquities.

word with the pension fund manager.”⁵⁸⁸ He further explained his attitude toward the collection of the British Rail Pension Fund,

I applaud any organization in this country which will buy works of art and lend them to us. They may be using government money, but if they hadn't got it, the money would certainly not be made available to the gallery...the idea is basically rather distasteful but one must accept that art is about money. And art can't actually be besmirched.⁵⁸⁹

The director of the National Gallery also commented on the Tiepolo oil sketch lent to the gallery from the British Rail Pension Fund in 1978, “it must be better that it is exhibited in a museum in the context of other works by Tiepolo than kept out of sight. The pleasure the public are getting out of it is an unquestionable gain.”⁵⁹⁰

In the Chinese art category, competition among museums to borrow Chinese objects from the British Rail Pension Fund existed in this period, as indicated in a letter from the Oriental Antiquities department of the British Museum to the director discussing the significance of the owl Hu,

The bronze would, if rejected by us, be offered on loan to the Victoria and Albert Museum, and our position as the centre for the study and exhibition of Chinese bronzes might be publicly questioned. Up to now the Victoria and Albert Museum have been enthusiastic in accepting on loan pieces belonging to the British Rail Pension Fund. We must therefore establish our prior interest in areas relevant to use. With this one example our commitment to the field would be evident and it would reinforce our present leading position in it.⁵⁹¹

Because of the national attention, museums certainly received public pressure in borrowing objects from the British Rail Pension. However, many objects in the

⁵⁸⁸ Geraldine Norman, 1978. “The British Rail collection-keeping it in the country”, *The Times*, (03.08.1978), p.14.

⁵⁸⁹ Ibid.

⁵⁹⁰ Ibid.

⁵⁹¹ The British Museum archive, Loans in: O.A. Chinese ritual Bronze Hu, 46/66/12, (22.03.1979), Letter: from LRH Smith, keeper Oriental Antiquities.

fund's collection were still housed in storage, as Denis Mahon (n.d.) expressed his opinion on the collection, "the fund has about 1,600 objects, but I doubt very much if as much as 40 per cent of the collection is on show. A great number of things have been lost to scholars. We need a proper check list of what has been bought, so that students know where things can be seen."⁵⁹²

All directors from the museums involved explained their general selection standard for loans when collaborating with the British Rail Pension Fund in 1978. Their conditions were not identical however as Michael Levery (director, 1927-2008) of the National Gallery stated, "the gallery should only borrow from British Rail if the work is of considerable significance."⁵⁹³ Roy Strong (director, 1935-) of the Victoria and Albert Museum also stated that, "it is up to the department curators to decide whether the loan is worthwhile."⁵⁹⁴ David Wilson (director, 1931-) from the British Museum further explained the rigorous requirement of national museums, that "the British Museum is prepared to accept loans only if the item is of national importance and would add materially to their display. We have negotiated quite a tough contract with British Rail."⁵⁹⁵ As we have seen with the Chinese art, all the museums were prepared to accept any loan if it suited. Interestingly these statements were all addressed to British Rail instead of the British Rail Pension Fund. This serves to demonstrate that the public image of the

⁵⁹² Staff Reporter, 1978. "BR arts 'should go on show'", *The Guardian*, (04.09.1978), p.2

⁵⁹³ Geraldine Norman, 1978. "The British Rail collection-keeping it in the country", *The Times*, (03.08.1978), p.14

⁵⁹⁴ Ibid.

⁵⁹⁵ Ibid.

collection was still that of a state-owned entity, as reported by the press. The reported standards established by museums directly contributed to the perceived significance of the collection as a whole, and of Chinese art, especially those objects displayed in domestic museums in the U.K., which were categorized, as mentioned above, as being of ‘national importance’.

The criticism in the press decreased dramatically after the British Rail Pension Fund announced its termination of acquisitions in 1979 when a £40 million expenditure was confirmed. Public criticism decreased also because of an increase in loans to various museums, especially in the domestic national museums, allowing objects in the collection to be viewed by the public. As mentioned in an article in *the Times* in November 1984,

In all then a pleasant surprise, and a show which sets off at least as many hares as it catches. Apparently there is some very fine French furniture on anonymous loan to the Victoria and Albert, and important oriental bronzes elsewhere. Now that the edge of the veil has been lifted, it would be interesting to know what else where is, and get the full measure of this very extraordinary venture into art as investment.⁵⁹⁶

However, even as the public appreciated the benefit received from the loan exhibitions of the collection of the British Rail Pension Fund, questions were still being raised about the idea of art as an investment tool. As discussed in chapter three and four, loan exhibitions of the Chinese art collection of the British Rail Pension Fund ended in 1988 and items were shipped back to Sotheby’s salerooms, in preparation for auction.

⁵⁹⁶ John Russell Taylor, 1984. “Galleries-Thirty-five paintings”, *The Times*, (14.11.1984), p.9.

The controversial idea of packaging art as an investment still attracted public attention. However, the market was much more confident after a few sales of the collection of the British Rail Pension Fund in early 1989 because of the success in generating turnover. The *Financial Times* reported that, "...at least in the 1970s, (Chinese art) was a better buy than such traditional investments as property and Gilts. The Chinese ceramics should not let the side down."⁵⁹⁷ This was accompanied by an enlarged photo of Julian Thompson holding the highlight of the Hong Kong sale, a blue and white bowl from the Ming period. These discussions and concerns about the relationship between national money, art, and investment on several public platforms, reflected people's anxiety towards economic fluctuation at that time. The fund's art investment operation challenged the traditional boundaries between collection and investment. Even though investment in works of art was already practiced in the market, the fund was the first to attract national attention due to the nature and large scale of a national pension fund. A visible impact of the successful termination of the operation was the attraction of followers afterward, even though the validity of art investment is still discussed today.

⁵⁹⁷ The Financial Times, 1978. "Chinese Ceramics are a better bet than Gilts", *The Financial Times*, (13.05.1989), p.26.

3. Collecting behaviour of the British Rail Pension Fund

The operation of the British Rail Pension Fund has raised many important issues that are still relevant today. The question of rightful usage of national financial resources in an unknown or unproven area of investment was the most frequent topic of debate while the British Rail Pension Fund was acquiring and exhibiting works of art. However, it is important to note that the invention of new investment strategies has been a constant throughout the history of investment, and investment in art is merely one innovation among many. The most important challenge for this operation was gathering or accumulating artworks that could produce a profit over a period of time, and during this period of time the global economy was depressed because of high inflation. The solution was to acquire an art portfolio and then display it publicly to attract attention from potential buyers. Two competing issues co-existed in this solution, internally the group of objects was treated as nothing other than an investment vehicle, while externally it was necessary to promote the objects as an art collection, in order to increase the return through sales. The relationship between the aim and the behaviour of gathering a group of art objects for investment purposes is key to evaluating the operation in this thesis.

The works of art to be invested in were not clearly defined at the time because such a wide range of possible categories of art existed in the art market. It was difficult for an institutional investor to select suitable categories to gather at a

reasonable purchasing cost, and sell at a profitable price. The involvement of Sotheby's was crucial, and it was recorded in an early proposal of Sotheby's on the structure of the portfolio that 'international interest' was a pivotal standard when selecting art objects.⁵⁹⁸ As result, this notion of 'international interest' played an important role in the process of selecting works of art for acquisition. As mentioned above, national museums often claim only to borrow loan objects because they are national treasures or considered as being of national importance, representing significance in the history of art. The standard of 'international interest' recommended by experts from Sotheby's in the early stage was accepted and applied by the Works of Art Sub-Committee throughout the acquisition stage, as discussed in chapter three. The Chinese art objects were displayed in various national and overseas museums, which was perceived as a reflection and reinforcement of these acquisition standards. As further required by the British Rail Pension Fund, selected categories of art were expected to cover a wide range of different types of art in order to guard against inflation and fluctuations in taste. Therefore, although the objects were internally treated as an investment, through the selection methods, a 'collection' was formed and was accepted as such by the public, as a result of museum exhibitions.

However, acquisition of representative and 'significant' objects in the field of Chinese art was also limited by their availability on the art market, and increased competition in the market as mentioned above. The Works of Art Sub-

⁵⁹⁸ Archive of Art Investment: AN 198/2, (25.07.1974), The National Archives Kew Garden, Meeting Minutes: Works of Art Investment Sub-Committee.

Committee increased their aggressiveness during the acquisition stage because of increasing competition in the Chinese art market.⁵⁹⁹ It was noted by the managerial company that a “more aggressive bidding policy in those sectors [Chinese art] would need to be adopted to achieve the portfolio suggested”.⁶⁰⁰ A selection process was therefore performed during the acquisition stage by the experts and Works of Art Sub- Committee to maintain the standard recommended by the Sotheby’s. Although the standard established by Sotheby’s was highly subjective because it was merely one company’s opinion on the general collecting field of Chinese works of art, it certainly informed the approach used by the British Rail Pension Fund towards gathering works of art for investment.

Therefore, the Chinese works of art were gathered according to a standard of ‘international interest’, and also representing a perceived significance in the canon of Chinese art as defined by Sotheby’s and the western art market. The objects grouped by the Sub-Committee were promoted externally as an art collection. Loan exhibitions in museums, especially in national museums, legitimized the Chinese objects, which directly promoted the sales in 1989. Although Chinese art gathered by the British Rail Pension Fund are widely considered as a ‘collection’ formed through a series of collecting behaviours today, the investment aim distinguished it from all previously formed collections of Chinese art, or art of any other category. There was no group of Chinese art

⁵⁹⁹ Archive of Art Investment: AN 198/2, (30.09.1975), The National Archives Kew Garden, Meeting Minutes: Works of Art Investment Sub Committee.

⁶⁰⁰ Archive of Art Investment: AN 198/2, (08.06.1975), The National Archives Kew Garden, Meeting Minutes: Works of Art Investment Sub Committee.

gathered solely for investment purposes, especially at an institutional level, before that assembled by the British Rail Pension Fund. To understand the difference between the 'collection' of the British Rail Pension Fund and other art collections in the existing research framework of the history of collecting, it is necessary to discuss those theories that constitute what we define as 'collections' and 'collecting practice' today.

One of the earliest definitions of a collection was discussed by Durost, who argued that,

A collection is basically determined by the nature of the value assigned to the objects, or ideas possessed. If the predominant value of an object or idea for the person possessing it is intrinsic...if it is valued primarily for use, or purpose, or aesthetically pleasing quality, or other value inherent in the object or accruing to it by whatever circumstances of custom, training, or habit, it is not a collection. If the predominant value is representative or representational...if said object or idea is valued chiefly for the relation it bears to some other object or idea, or objects, or ideas, such as being one of a series, part of a whole, a specimen of a class, then it is the subject of a collection.⁶⁰¹

As a behaviour, Durost defined collecting in relation to the notion of gathering a series of objects, related to each other through a concept of value. Aristides Niaholai considered collecting from a behavioural perspective and argued that the difference between a collection and other forms of gathered objects was that,

A collection is 'an obsession organized', one of the distinctions between possessing and collecting is that the latter implies order, system, perhaps completion. The pure collector's interest is not bounded by the intrinsic worth of the objects of his desire, whatever they cost, he must have them.⁶⁰²

⁶⁰¹ N, Walter Durost, 1932. *Children's Collecting Activity Related to Social Factors*, New York: Columbia University, p.10.

⁶⁰² Aristides Niaholai, 1988. "Life and Letters: Calm and Uncollected", *American Scholar*, Summer, Vol.57, Issue 3, p. 330.

Clearly disagreeing with Durost, Niaholai emphasized the significance of order, system and completion. His notion of obsession refers to an extension of personal identity through material culture. Russell Belk expanded on this by stating that

We take collecting to be the selective, active, and longitudinal acquisition, possession and disposition of an interrelated set of differentiated objects (material things, ideas, beings, or experiences) that contribute to and derive extraordinary meaning from the entity (the collection) that this set is perceived to constitute.⁶⁰³

Pearce further emphasized the collective significance of the gathered objects: “that the collection as an entity is greater than the sum of its parts, an important contribution to the discussion.”⁶⁰⁴ Belk also argued for the importance of continuity of the collecting behaviour from the perspective of consumption,

Someone who possesses a collection is not necessarily a collector unless they continue to acquire additional things for the collection. The collection usually grows as a result, but because some collectors concentrate on upgrading rather than expanding their collections, quantitative growth is not inevitable.⁶⁰⁵

Collecting practice is constituted by self-awareness of the collector, which establishes a relationship between the collector and the collection as a meaningful set. Defining the collecting behaviour of the British Rail Pension Fund as we have seen here challenges pre-existing definitions of collecting and collections. As Muensterberger argued, “I will define collecting simply as the selecting, gathering,

⁶⁰³ Russell Belk, 1990. “Possession and a Sense of the Past”, *Highways and Buyways: Naturalistic Research from the Consumer Behavior Odyssey*, Association of Consumer Research, p.8.

⁶⁰⁴ Pearce 1993:48-49.

⁶⁰⁵ Belk 1995:66.

and keeping of objects of subjective value.”⁶⁰⁶ Belk summarized that, “collecting is the process of actively, selectively, and passionately acquiring and possessing things removed from ordinary use and perceived as part of a set of non-identical objects or experiences.”⁶⁰⁷ Important artworks were certainly removed from ordinary use and became scarce goods in society, which made them collectible, most commonly through competition in the market. Subjective value is a vague definition because it is different from collector to collector. Many different values are attached to works of art, such as historical value, social value, and aesthetic value. However, none of these values were intentionally considered by the British Rail Pension Fund during the operation. Although Sotheby’s commented on these values in the recommendation form, the main purpose was to indicate the significant status of the objects as a way of generating a suitable purchasing price. For example, some of the objects purchased by the British Rail Pension Fund were in a set of similar items, but not identical because of their craftsmanship. A pair of enamel pricket candlesticks (fig.40) from the Yongzheng period was originally designed as a pair for ritual purpose, thus purchasing both items completed the set and this elevated its collectible value, reflected by the art market in monetary terms. Undoubtedly, material gain was considered as one type of subjective value, but was merely discussed as part of the wider collecting context. The British Rail Pension Fund, however, brought this new approach to the centre of its remit. All of these definitions of collecting and collection are grounded in the assumption of an

⁶⁰⁶ Werner Muensterberger, 1994. *Collecting: an unruly passion*, Princeton: Princeton University Press, p.4.

⁶⁰⁷ Belk 1995:67.

individual or person as collector, so the British Rail Pension Fund's collection is difficult to discuss within the same framework.

Undoubtedly, the British Rail Pension Fund considered the importance of gathering 'significant' objects on several levels. As recorded in the 1980 general evaluation report, acquisitions were considered only if the objects were "significant in their own category".⁶⁰⁸ Significance and representativeness were concepts determined by both the experts consulted and availability on the art market. Even though the approach employed subjective notions, the Works of Art Sub-Committee attempted to define them in their own terms. As we have seen, emphasizing the proposed significance of the objects was an effective method of promoting the specifically grouped objects as a 'collection'. The 1980 report gave a detailed analysis of each major category in the collection of the British Rail Pension Fund, indicating not only the current status of the category but also possible future purchase recommendations. In the report, evaluation of the monetary status of each category was entirely excluded and the analysis referred to the portfolio as a collection rather than an investment. Clearly all the objects acquired by the fund, including Chinese art, were gathered, managed and evaluated following this approach. As recorded in the report, "since the last report was made in July 1978 considerable progress has been made in filling gaps in various collections (categories)..."⁶⁰⁹ For example, even though the Tang figure

⁶⁰⁸ Archive of Art Investment: AN 198/9, (29.02.1980), The National Archives Kew Garden, Report: manager and expert's report.

⁶⁰⁹ Archive of Art Investment: AN 198/9, (29.02.1980), The National Archives Kew Garden, Manager and expert's report.

sub-category was enhanced in 1980 by those purchases made during the previous two years, some types of Tang wares were still poorly represented. In relation to the art market at that time, the report also noted other areas considered to be needing further acquisitions in order to be more ‘representative’, including 15th century wares, particularly Cheng Hua marked blue and white, Ming cloisonné, and lacquer, to fill the “gaps” in the Ming categories.

The future purchase recommendations before the 1980s additionally reflected the view of experts from Sotheby’s that the fund should ‘complete’ each category as an individual collection. Objects in the wider portfolio clearly formed distinct categories, such as Chinese art, within which the objects related to each other as a series representing ‘important’ works of art. According to the sales catalogues, most of the objects in the Chinese collection were presented in chronological order to cover different periods. Moreover, sub-categories were also gathered and presented side by side in the sales catalogues because they shared similar techniques, such as ceramics: “Ding Yao and related wares”, “Ying Qing and related wares”, and “Longquan and related wares”.⁶¹⁰ Sotheby’s also emphasized the importance of ‘completion’ in each sub-category by recommending possible sales of minor items acquired at the start of the program,

Many such pieces would show a good rate of appreciation over the period held and minor sales would provide useful funds for reinvestment in future

⁶¹⁰ Sotheby’s, 1989. *Important Early Chinese Ceramics, Archaic Bronzes, Sculpture, Silver and Lacquer from the works of art collection of the British Rail Pension Fund*, (12.12.1989).

for important items that would positively enhance the collection as a whole.⁶¹¹

As discussed above, the mismatch between items acquired in 1980 and offered for sale in 1989 provides evidence of the possible early disposal of certain objects. This can be seen as a reselection process for the Chinese collection of works of art of the British Rail Pension Fund, in order to enhance itself. Due to collaboration with Sotheby's, the objects were intentionally gathered as a 'collection' right from the start, in accordance with market practice and with a view to external promotion, a common practice in the art market that was here applied to collecting. Moreover, 'representativeness' and 'significance' became identifying features of these objects when accepted by museums for loan exhibitions, thus reinforcing their value and presumably promoting the sales in 1989.

In summary, the standard definition of a collection is one constituted by the relationship between objects gathered by the collector, which should be represented in a sequential series and belonging to certain categories. Moreover, as Belk argued, objects should relate to each other but not be identical, and the sum of such objects is greater than the individual. Objects gathered by British Rail Pension Fund in the investment were certainly brought together under the notion of a collection, but they were also packaged or grouped as such for the purpose of investment. As one of the major categories in the portfolio, the Chinese objects were publicly promoted as, and sold as part of an art collection and therefore the 'collection' became an important provenance for collectors, museums, and dealers.

⁶¹¹ Archive of Art Investment: AN 198/9, (29.02.1980), The National Archives Kew Garden, Report: manager and expert's report.

In order to become a provenance, the collection had to be associated with a name, therefore the British Rail Pension Fund revealed its ownership during the exhibition stage as the 'collector' of the objects lent to museums. As a consequence, the selecting process used to form the art collection naturally made the objects scarce, and distinguished them from other ordinary commodities. Thus the collection itself impacted the market and the formation of other collections through auction sales.

Forming collections for investment purposes is much more focused than investment in so-called 'works of art'. It is necessary to rethink the term 'works of art' to understand these different collecting behaviours and how they are represented in the objects gathered by the British Rail Pension Fund. As discussed above, the British Rail Pension Fund did not randomly purchase works of art. The program was deliberately constructed under the recommendation of Sotheby's and therefore the collection was formed by market practice. The collection of Chinese art covered almost every major category in the field at that time, with the exception of paintings, presumably because of a combination of collecting traditions, trends, and market availability. Not only the Chinese works of art, but every category in the fund's portfolio was constructed as an individual collection throughout the acquisition program, in order to aid future sales. The British Rail Pension Fund understood the significance of revealing the connections between each object. To precisely clarify the behaviour of the British Rail Pension Fund, it could be said that it was an investment in a defined collection or a group of collections, rather than investment in a broad range of works of art not directly

related, and each sub-category of objects was identified and promoted as a part of the whole collection.

In the art market, museum collections served as comparisons and benchmarks for object quantity and significance. In their advice to the fund, Sotheby's usually compared the recommended item with holdings of museums, using this to confirm authenticity and significance in the history of art. This approach of selecting introduced by Sotheby's shaped purchasing procedures through the acquisition process, forming a 'complete' set of objects within a particular category or categories. In the 1989 auctions, every individual item was represented in sales as part of a whole collection, and the 'collection' became a brand name for the fund's investment for external promotion. This assessment is only possible now because of the recently opened archive of the British Rail Pension Fund, which clearly indicates the intention of the British Rail Pension Fund, with assistance from Sotheby's, to form an investment portfolio that was defined as an art collection supposedly equivalent to museum standards, and using the traditional art world paradigm to package the investment. This was a novel collecting behaviour, which created a new way of packaging art as an investment.

Generally speaking, the operation of the art investment could be described as the British Rail Pension Fund investing in a group of art collections for financial return. However, the investment target was indistinct and needed further effort to establish, thus both the investment entity and the target were created by the fund. Therefore, to be able to ensure a financial return through investment in art as a

collection, the British Rail Pension Fund had to seek suitable objects to purchase and form the collection. This forming process was what we have considered as collecting behaviour. The collaboration with Sotheby's became significant in shaping this collecting behaviour through their professional service and thus linking it to the art market. According to the auction sale catalogues, many objects in the collection of Chinese works of art were purchased from different sales and dealers at different times, and a re-selecting process was carried out, further shaping the collection for investment purposes. Therefore, in order to internally package and form the investment vehicle and to externally promote the grouped objects as a collection, a new form of collecting behaviour was introduced by Sotheby's, together with the British Rail Pension Fund.

This collecting behaviour also shaped both internal and external aspects of the grouped objects themselves. Internally, one of the main tasks of the British Rail Pension Fund was to prevent the investment being operated as a dealing activity, so as to gain tax relief. As we have seen, long-term investment was the priority intention of the British Rail Pension Fund to hedge against the risk of high inflation. Therefore the investment program operated in a totally different way to that of other players in the art market seeking financial benefit, such as dealers and traders. As *the Times* reported on May 1978,

But an important distinction must be made between British Rail's approach and all the rest. It is investing in works of art while others are investing in art dealing. There is a world of difference here. The British Rail investment requires that the specific works of art purchased should go on increasing in value from year to year. An investment in art dealing, on the other hand, requires merely that the trader to whom you confide your money is capable of making a profit from buying and selling works of art. It is possible to go

on turning in a trading profit whether the general trend in art prices is either up or down.⁶¹²

Externally, the combined purchase and exhibition operation of the British Rail Pension Fund was distinct from other investors in the art market in the same period.

Quite obviously the collecting behaviour of the British Rail Pension Fund was also detached from emotional and intangible values. By contrast, these values are seen to be pivotal in collecting studies, making the connection between the collector and the collection. As Pearce argued,

The process of selection lies at the heart of collecting, and as we shall see, the act of collecting is not simple; it involves both a view of inherited social ideas of the value which should (or should not) be attached to a particular object and which derive from the modern narratives we have been considering, and impulses which lie at the deepest level of individual personality.⁶¹³

She further contributed to the definition of collecting by stating that,

The making of a collection is one way in which we organize our relationship with the external physical world of which collections are a part. Collection-forming is part of relationship between the subject, conceived as each individual human being, and the object, conceived as the whole world, material and otherwise, which lies outside him or her. Collections are a significant element in our attempt to construct the world, and so the effort to understand them is one way of exploring our relationship with the world.⁶¹⁴

Awareness of the relationship between the self-identity of the collector and his or her knowledge and understanding of the material world was commonly accepted by scholars. But awareness of this relationship could be subjective, as Muensterberger argued, because of personal background and experience, and also

⁶¹² Geraldine Norman, 1978. "The art of making money grow", *The Times*, (11.05.1978), p.35.

⁶¹³ Pearce 1993:7.

⁶¹⁴ Pearce 1993:37.

availability of funds to spend forming the collection. However, in the case of the British Rail Pension Fund, such awareness does not apply because following the investment intention, the objects gathered did not have an intangible connection with the institution.

Studies of art collections follow a similar line, researching the relationship between material culture and human beings. Many collectors of art certainly are aware not only of the significance of the artworks they collect in terms of historical and aesthetic values, but also the relationship between themselves and their collections. As Rovers stated,

The individuals behind these art collections were often motivated not only by philanthropic and artistic considerations, but also by self-interest: a fine collection or indeed a controversial collection was an expression of taste and showed that the owner's interests went beyond coal and cash and that he should therefore not be regarded as mere nouveau riche(new rich).⁶¹⁵

Rovers' argument could be treated as another form of extension of self-identity, which was a common phenomenon in the field of art collecting. Many art collections formed during the 19th and 20th centuries aimed to extend the enjoyment of viewing art to the public.⁶¹⁶ This extension could be reflected from viewer's aspect, as Duncan argued that, "[a] visit to a donor memorial (in a museum) is often structured as a ritual enactment of a visit to an idealized (albeit

⁶¹⁵ Eva Rovers, 2009. "Introduction: the art collector-between philanthropy and self-glorification", *Journal of the History of Collections*, Vol.21, No.2, p.157.

⁶¹⁶ Esmée Quodbach, 2009. "I want this collection to be my monument: Henry Clay Frick and the formation of the Frick collection", *Journal of the History of Collections*, Vol.21, No.2, pp.229-240.

absent or deceased) donor.”⁶¹⁷ Art has also been collected for the purpose of personal aesthetic appreciation, such as to decorate certain spaces related to the collector himself. For example, collectors would buy sculpture and paintings to decorate their houses in the fashion of the time.⁶¹⁸ Alsop also argued that “among men, the fundamental reason for collecting is, quite simply, that collectors enjoy it...in addition, collecting is an end in itself as an activity.”⁶¹⁹ As a part of the collecting tradition, Chinese art was acquired and collected following similar considerations. However, the British Rail Pension Fund’s art investment excluded these connections between art objects and their owner, and Chinese art was gathered for investment purposes only.

As described, the fund’s investment was influenced by art market practice. Furthermore, the relationship between money and art has always been a factor in evaluating an art collection, as many but not all works of art consume comparatively large amounts of financial capital to purchase. However, it is assumed that collectors normally do not consider monetary return as a priority when forming a collection. According to Belk, “investment may be a secondary purpose of collecting, but where it is the primary purpose the specific objects matter little. In this case the passion and resulting attachment involved in collecting are lacking.”⁶²⁰ He further suggested somewhat subjectively and

⁶¹⁷ Carol Duncan, 1995. *Civilizing Rituals: Inside Public Art Museums*, London and New York: Routledge, p.73.

⁶¹⁸ Edmund Southworth, 1991. “The Ince Blundell collection”, *Journal of the History of Collections*, Vol.3, No.2, pp.219-34.

⁶¹⁹ Alsop 1982: 71.

⁶²⁰ Belk 1995:67.

judgmentally that material gain became an excuse for sinful self-indulgence in the collecting process.⁶²¹ Naifeh also contributed the same opinion to the argument,

Many collectors, perhaps most collectors, who expressed an interest in the investment value of their collections-perhaps most such collectors-would never sell a single item. Investment was a rational, a practical excuse used by collectors to justify spending large sums of money on an indulgent pastime to individuals who did not possess the collector's urge. If the collector felt uneasy personally about devoting so much money to art, he could also use the rationale of investment to justify collecting himself.⁶²²

Both arguments make assumptions about collecting for material gain, and those commentators who criticized the *Times-Sotheby's Index* and the investment in works of art by the British Rail Pension Fund offer a direct reflection of that argument. However, the British Rail Pension Fund still used the traditional collecting concept to publicly justify and enhance the investment. And this demonstrates the operation was targeting collectors as their potential buyers.

The British Rail Pension Fund's investment certainly challenges the traditional view of collecting and collection, entirely disconnecting the human relationship between collectors and their collections traditionally discussed in collecting studies. Although the Works of Art Sub-Committee members also expressed their appreciation of certain objects purchased by the fund, this was never considered as the major factor when making acquisition and exhibition decisions. The popular view of collecting and collections perceives material gain from art as unethical and immoral, thus, as stated in the press, the operation was often questioned. Naifeh's argument also raised another question about the

⁶²¹ Ibid: 76-83.

⁶²² Steven Naifeh, 1976. *Culture making: Money, Success and the New York Art World*, Princeton: Princeton University Press, p.113.

difference between rational and irrational behaviour. Investment was often treated as a rational and profit maximizing practice to select the best available option to minimize opportunity cost,⁶²³ distinct from traditional aspects of collecting behaviour. For example, seeking an alternative investment vehicle was certainly a rational behaviour of the British Rail Pension Fund during extremely volatile economic conditions, but the benefit received from loan exhibitions was not entirely quantifiable by rational investigation. The collection of the British Rail Pension Fund was the first time intuitional investors combined these two distinct behaviours and also the first time Chinese works of art had been included in such a packaged practice. An impact of the art investment of the British Rail Pension Fund was to establish a new way of looking at the combination of investment and art collecting behaviours.

The collection of the British Rail Pension Fund established a new way to relate investment intention to existing categories of collecting. Statistical analysis made market information available to the British Rail Pension Fund, so that the fund could internally evaluate the collection as an investment portfolio. Collaborations with domestic and overseas museums to arrange long-term loan exhibitions on a large scale, for the purpose of promoting sales and reducing costs, were innovations of the British Rail Pension Fund. The museums became a tool for the British Rail Pension Fund to promote the portfolio, a practice that had

⁶²³ Charles P. Jones, 2009[1999]. *Investments: analysis and management*, Hoboken: Wiley, pp.12-4; also see, William F. Sharpe, 2008. *Investors and Markets: Portfolio Choice, Asset Prices, and Investment Advice*, Princeton: Princeton University Press, pp.44-5.

never before been considered by institutional investors. Benefit from public exhibition was difficult to convert into monetary terms until the termination of the collection, but savings on Government indemnity were noted by the Sub-Committee at an early stage, and can be seen as a way of helping to finance the investment. Decisions about arranging loan exhibitions were initially made purely from an investment perspective, but public display and viewing in museums disengaged the objects from the investment and established a connection with traditional aspects of collecting and collection formation through the museum framework. This relationship formed in the environment of national public space, further establishing the legitimacy of the collection in a way which is commonly accepted by collectors, dealers and museums. As Koerner and Rausing argued in their research, “for museums support the value of a marketed art object by reverentially displaying its ‘priceless’ twins, rather like the gold once held in public trust against paper currency”.⁶²⁴ Exhibitions promoted the future sale of objects through the establishment of a channel of dialogue to communicate with potential buyers via common understandings of provenance and significance, and through the practice of collection and display in museums. The termination of the British Rail Pension Fund’s collection ended the fund’s relationship with collecting and reconnected with the initial purpose of investment, to select the most suitable time and location to maximize profit. This was the most distinguished feature of the operation of the collection of works of art of the British Rail Pension Fund compared with other similar examples.

⁶²⁴ Joseph Leo Koerner, and Lisbet Rausing, 2003[1996]. “Value”, *Critical Terms For Art History*, edited by Robert S. Nelson and Richard Shiff, Chicago: University of Chicago Press, p.426.

4. Conclusion

This new approach of combining investment with appropriated collecting behaviours challenges all the existing categories of collecting. The investment intention was clearly established at the beginning and every decision made was clearly taken to increase the profit of the investment. However, most of the objects went into private and museum collections after the termination, and from the beginning of the operation sales were mainly targeted at private collectors and museums. It was necessary to promote the objects externally as part of an art collection. Therefore, it was important to construct the investment around the framework of collecting behaviours and art collection formation. This newly established approach could be defined as “investment collecting”, a new type of collecting behaviour practiced with the sole intention of investment, and the collection formed in this way successfully proved its effectiveness upon the termination of the operation.

An impact of the operation has been to establish an important provenance in today's collecting and investment field. The British Rail Pension Fund is frequently discussed and cited in recent scholarly researches such as those by Jeremy Eckstein and Noah Horowitz. Eckstein, the statistician hired by the British Rail Pension Fund conducted most of the research into the operation after the termination. As he mentioned, “although there are some earlier examples (of art investment), the modern history of art investment funds really began in 1974,

when the British Rail Pension Fund put into effect a decision to diversify its investment portfolio by putting a portion of its assets into art.”⁶²⁵ He further summarized that, “to this day, the fund is the only available model of institutional-investment-fund performance about which significant information, even if incomplete, is available.”⁶²⁶ Horowitz stated in his discussion of art investment funds in a more recent study that, “BRPF is the only major art fund to survive the 1970s. One key difference between this fund and its contemporaries was that it was not just a product of the then buoyant art economy but was launched as an innovative way to hedge the double-digit inflation triggered by the OPEC-led oil crisis of 1973.”⁶²⁷ Both studies emphasized the importance of the financial aspects of the art investment of the British Rail Pension Fund. The significance of this approach to collecting and its identification as a form of art collecting is first discussed in this thesis.

The British Rail Pension Fund’s approach to investing in art has in fact inspired many followers, especially in the field of Chinese art. As Wang observed,

The Chinese art market has seen a range of art funds covering this sector, including the above-mentioned Chinese Fine Art Fund, and several others based in China – the Xiling Group, China Minsheng Bank, Noah Wealth Management, Terry Art Fund and the Shanghai Tianwuguan Art Fund. However, the only major art fund available for case study is that of the British Rail Pension Fund⁶²⁸.

Moreover, none of the previous studies of the Chinese collection of the British Rail Pension Fund were conducted based on the official archives. Although it is

⁶²⁵ Eckstein and Willette 2010:138.

⁶²⁶ Ibid: 148.

⁶²⁷ Horowitz 2011:154.

⁶²⁸ Wang 2012:45.

difficult to argue conclusively that these followers directly copied the structure of the operation of the British Rail Pension Fund, this was the only example available for comparison. In fact, the British Museum recently installed a new showcase in its China gallery in the summer of 2015, presenting an underglaze red vase (fig.55a-b) from the Yongle period, which belonged to the Xiling Group. As a fund, the Xiling group will eventually sell its holding for a financial return, thus the display exactly mimics the operation of the British Rail Pension Fund. Such followers are solid evidence of the significance and impact of the British Rail Pension Fund.

Chapter Six: Conclusion

Sales of other categories of art within the collection continued after 1989. The operation was fully terminated at the beginning of the 2000s, achieving a total return of £168 million⁶²⁹ according to the hired statistician Jeremy Eckstein. Not only was the collection terminated in the 20th century, but also privatization of the British Rail Pension Fund replaced the previous structure with the Railways Pension Scheme.⁶³⁰ The end of the 20th century marked the termination of the first collaboration between art collecting and institutional investing. It established a new method of connecting collecting and investing behaviours at an institutional level in the history of material culture. Moreover, institutional investors such as the Fine Art Fund and Tian Wuguan Art Fund became important players in the Chinese art market. The art objects gathered by the British Rail Pension Fund did not comprise a typical ‘collection’ in the traditional sense of the field of collecting studies in Chinese art. This thesis offers a unique perspective on the investment and collecting behaviours of the British Rail Pension Fund, not only from a financial perspective, but also emphasizing the significance of its position with the wider history of collecting in Chinese art. It bears repeating that the investment in art of the British Rail Pension Fund was born of an extremely adverse economic environment, when the global economy was suffering from high inflation.

Although the art market had never before been taken seriously as an asset for

⁶²⁹ Eckstein and Willette 2010:145.

⁶³⁰ The privatization of British Rail is covered in House of Commons Library Standard Note SN/BT 1157, Rail Privatization 1987-1996.

investment, a lack of credible alternatives seems to have led the British Rail Pension Fund to take the opportunity to start this adventure, as a hedge against inflation.

It is necessary to understand the financial framework of the operation in order to evaluate the investment within this unique context. To investigate that background, chapter two discusses the oil crisis and its influence. Some may argue that as coal dominated energy consumption in the rail industry in the United Kingdom, the oil crisis would have caused little damage to the railway system. Moreover, individuals and organizations switched from oil-based transportation to railway systems, to reduce costs. However, it is important to note that the British Rail Pension Fund operated comparatively independently from the railway systems. The pension funds were partly financed by the government and by the employees of the railway system. The main task of pension funds is to preserve their financial value for retired employees through multiple investments. As an institutional investor attached to a nationalized industry, the British Rail Pension Fund's financial status was closely connected with the national economy. As the equity market had crashed, pension funds were without their strongest tool, thus it was necessary for them to find an alternative method to battle against the depreciation of currency caused by high inflation. Consequently, the influence of oil crisis and high inflation must be considered when investigating the art investment made by the British Rail Pension Fund.

While the national economy suffered from high inflation in the 1970s, the art market was only loosely connected with these economic fluctuations as indicated by the *Times-Sotheby Index*. While collecting behaviour is certainly shaped by the collector's financial status, the macroeconomic environment is normally less influential on collectors. Therefore, the development of the art market was another important factor for understanding the investing behaviour discussed in chapters three and four. Auction houses provided an open market for sellers and buyers to exchange collectibles, with purchases made by individual collectors usually shaped by their personal interests. However, because of its investment intention, the British Rail Pension Fund's purchases of works of art were detached from personal interest, focused solely on material gains. It was also necessary for the art market to have developed to a suitable size in order to absorb the large amount of financial capital possessed by institutional buyers. To form such an investment was not only a serious undertaking for the British Rail Pension Fund, but also a challenge for the art market. Therefore, this thesis provided an analysis of the development of the Chinese art market, especially focused on the Chinese art department of Sotheby's, the main partner of the British Rail Pension Fund during the development of the investment. The evidence suggested that the Chinese art market was not only big enough for a single institutional buyer, but also evenly spread into different categories.⁶³¹ Institutional buyers could thus distribute their financial capital into each category to hedge risk. Moreover,

⁶³¹ Works of Art Sub-Committee frequently asked Sotheby's to produce analyses of the market and important collectors in each category. The Chinese art market provided enough evidence to indicate its ability to become an investment option.

Chinese art also served as ‘international currency’ because of its acceptance on the global art market, a significant reason for the British Rail Pension Fund to consider collecting in the field.

Due to the identity of the institutional buyer and the extreme economic environment, the process of gathering art in different fields for investment purpose was clearly distinct from other institutional and private collectors. Chapters three and four gave a detailed analysis of the operation and its outcome. Sotheby’s played a pivotal role in shaping the collection of Chinese works of art through the recommendation panels formed by its experts. Criticism of the operation was certainly provoked by the investment intention being detached from traditional collecting values such as aesthetic appreciation, which the public certainly had difficulty understanding. The main reason for this was that the British Rail Pension Fund’s method of ‘collecting’ art at an institutional level had no precedent in the history of art collecting. This feature raised criticism because of the fund’s identity as a state-owned institute, and also because of the secretive collaboration with Sotheby’s. Therefore, it was critical to investigate the details of the operation, to understand how the British Rail Pension Fund controlled potential conflicts of interest, which its partnership with Sotheby’s certainly posed. The archival research in the thesis provided evidence to indicate that the British Rail Pension Fund constructed a complicated system to control risk at various levels. Collaboration with Sotheby’s, the establishment of Lexbourne Limited, recommendations made at separate levels, hiring external experts, even arrangements of loan exhibitions in museums were all methods used by the British

Rail Pension Fund to avoid conflicts of interest. The special investment committee carefully controlled and evaluated the operation at different levels, to block any outflow of information to other parties who might have opposing interests. The system was certainly effective, and a high level of discretion from Sotheby's, external experts, and the fund manager were also pivotal to the success of the operation. Even though the objectivity of Sotheby's recommendations was frequently questioned, the financial return through sales became important evidence in support of the validity of the system.

After the commencement of the exhibition stage, works of art gathered by the British Rail Pension Fund were largely considered and promoted as collections, and one of the effective ways of promoting the 'gathered objects' as a collection was museum exhibitions. In order to be accepted by a museum as loaned objects, the objects gathered by the British Rail Pension Fund had to meet the museums' requirements. Evaluation of selected objects in the Chinese collection of works of art provided evidence of the outcome of the operation in chapter four. It proved that not only did the collection make successful sales after the termination and attract attention worldwide, but that several individual objects also established world records price for Chinese art. National museums and private collectors became important destinations for the Chinese works of art after the sales. Since no other institutional collections were driven by the same motivation as the British Rail Pension Fund in the late 1990s, most of the objects in the Chinese collection were not gathered as institutional investments again. However, it is difficult to trace every object from the Chinese collection as, following the sales, most buyers

preferred anonymity. The objects selected for evaluation in chapter four represented each sub-category in the Chinese collection, and most of them were traceable after the sales. Promoting sales as being those of collections is a common practice for auction houses and collectors. It is a “recognition of the collection by others as being ‘worthwhile’ legitimizes what is other wise seen as abnormal acquisitiveness”.⁶³² Sales through the open market certainly suited the investment intentions of the British Rail Pension Fund, to increase competition in the art market, and realize the highest prices for the objects. From the perspective of collecting practice, sales of the British Rail Pension Fund’s collection established an important provenance, which is one of the main contributions of the collection to the history of collecting. This provenance not only continues to play a significant role in the later reappearance of these objects at auction, but is also recognized by institutional and private collectors as important in the history of collecting in Chinese art. Thus, these two chapters provide an original contribution to the understanding of the operation, representing it as a collection and positioning it in collecting and art market studies. The collection itself was also described and defined through archival studies, filling in the gaps in the collection and collecting practices of the British Rail Pension Fund.

Chapter five offered an original discussion on the variety of impacts of the Chinese art collection of the British Rail Pension Fund, presenting a new perspective on both the ‘collection’ and its legacy in the art world. Museum loan exhibitions before 1989 enhanced the provenance of the collection of Chinese art,

⁶³² Belk 1994:320.

positively impacting the sales in 1989, and also subsequent sales. Museums had the opportunity to display recently purchased objects of importance during the acquisition and exhibition stages, some of which were potential purchase targets for those museums. A practice that might be considered unethical today. It was the first time that a single ‘collector’ had such an ability to support so many museum exhibitions on such a large scale. However, promoting the sales through loan exhibitions in public museums was more like a conceptual intention, difficult to demonstrate statistically by financial analysis. The most obvious impact of the exhibition was that it allowed potential buyers to view and study the objects ahead of sales, and the surrounding publicity certainly stimulated greater competition amongst buyers. It also legitimized the objects and confirmed their attribution, which certainly impacted on connoisseurship.

Chapter five also demonstrated that public response was another key feature of the collection and collecting activities of the British Rail Pension Fund. *The Times* newspaper provided a platform for the public to express their concerns about the operation. The criticism was of a sophisticated nature, raising various concerns in many different fields. The art market certainly experienced an increase in competition during the acquisition stage of the British Rail Pension Fund with institutional and private collectors encountering interference from large-scale financial capital. The art investment of the British Rail Pension Fund also benefited auction houses by increasing competition in the market, and Sotheby’s was the biggest beneficiary. On the other hand, some still questioned the rightful usage of the pension fund’s money to invest in the art market. Not only because

the art market provide insufficient information that could be approved as a solid investment option, but also because of perceived conflicts of interest between the British Rail Pension Fund and Sotheby's. This thesis has presented a picture of the critical response for the first time, demonstrating clear concerns about the operation from various perspectives. This publicity certainly helped to distinguish the collection of the British Rail Pension Fund from other collections at the time. Criticism indirectly shaped the investing and collecting behaviours of the British Rail Pension Fund, forcing the board to reveal details about the operation to mollify the public.

After examining the unique aspects of the British Rail Pension Fund's investment in art, this thesis posited in chapter five that a new category of collecting was required. This was called 'investing in works of art', but also can be defined as 'investment collecting' because of the involvement of collecting activities. This thesis argued for a notion of "investment in collection" rather than investment in works of art, to reveal the internal connections between each object in the investment portfolio. Existing literature on the collection of the British Rail Pension Fund normally focuses on the financial aspects of the operation. This is mostly because the only information revealed to the public was the sales records. The opening of the confidential archive of the Works of Art Sub-Committee in 2012 provided rich historical information and detailed records of the operation, allowing research analysis of the collection to cover multiple distinct aspects. The collecting behaviour of the British Rail Pension Fund had never been thoroughly discussed by scholars before and the operation was regarded purely as an

investment. What the archives revealed was that undeniably material gain was the sole and most important motivation at the start of the operation. However, it is important to reconsider the standard of purchasing decisions made during the acquisition stage. It is clear that the aim of forming the ‘collection’ was neither buying expensive items as a collector who has easy access to financial capital, nor buying cheaply as a speculator. To seek future material gain through sales, the aim of all pensions and investments, the British Rail Pension Fund needed to attract interest from potential buyers. Since the British Rail Pension Fund was the only institutional investor in the market at that time, most of the buyers in the sales in 1989 were dealers, private collectors and museums. Dealers were not the final destination of objects, since they aimed to resell to museums and private collectors for profit. Therefore, it was important for the fund’s Works of Art Sub-Committee to understand the interests of institutional and private collectors in order to achieve a successful sale at the termination. The standard of purchasing decision established by Sotheby’s was to acquire only what they defined as ‘important’ and ‘representative’ pieces in the selected categories in the canon of the history of art in the Western art market at the time. According to the archive, an understanding of the history of art, collecting behaviour and the generating of publicity to attract attention from future buyers were all required in order to complete the operation.⁶³³ This argument led to the establishment of a new method of analyzing a collection formed and motivated by material gain, which still profoundly impacts upon today’s research into art funds.

⁶³³ Several researches of collecting behaviours were generated by Sotheby’s for the Sub-Committee to understand the potential buyers in the market.

The availability of financial capital has always played an important role in forming an art collection because objects traded on the art market are comparatively more expensive than other commodities. It was impossible to entirely exclude this from an analysis of the British Rail Pension Fund's collection and its impact on the public. However, material gain was never the predominant factor in the studies of the history of collecting. Instead, the analysis of the British Rail Pension Fund's collection contradicted all previously existing understanding of the relationship between collectors and their collections, since human subjectivities were essentially removed. The collection of the British Rail Pension Fund provided an opportunity to examine another possible form of collection and collecting practice. Arguably, the motivations of collecting now need to be seen as more diverse, in light of this research project on the development of the art market and regional economy. Today, art is commonly accepted as a type of asset in cultural economics research. It is possible to argue that collecting with an investment intention is also a kind of awareness of financial continuity. The British Rail Pension Fund was not the only collection providing evidence of material gains, as many other sales of art collections made a profit on the art market, but certainly it was the most noticeable and the only available case to define this specific new development in collecting practice. Therefore, this thesis fills a gap not only in the study of the history of investment, but more importantly in the field of collecting studies. The operation of the British Rail Pension Fund inspired many followers to invest in art on an institutional level, as an alternative financial tool to hedge risk. The most common practice now is an art investment

fund in the form of private equity, such as the Fine Art Fund, a model which shares many similarities with the British Rail Pension Fund.

In conclusion, this thesis not only presents original research into the background and operational detail of the investment, but also contributes an important argument that situates the operation within collecting practice and art history. It also provides a framework for evaluating similar collections formed under an investment imperative, by combining histories of art, collecting practice, and investment intention. It is to be hoped that this thesis can provide a foundation for the future study of new categories in the history of collecting and further develop our understanding of financial engagement in the art market from the perspectives of both the history of art and of collecting.

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Illustrations



Figure 1

A sancai glazed pottery horse

Tang dynasty (618-907)

Height 73.6 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 56, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £3,740,000

Buyer: Shimojo



Figure 2

A pair of sancai glazed Earth Spirits

Tang dynasty (618-907)

Height 108 cm and 110 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 58, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £231,000

Buyer: unknown



Figure 3

An unglazed dignitary (official)

Tang dynasty (618-907)

Height: 112 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 53, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: unsold



Figure 4

A white-glazed bowl

Hongzhi mark and period (1488-1505)

Diameter 15.9 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 1, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: unsold



Figure 5

A white-glazed bowl

Jiangjing mark and period (1522-1566)

Diameter 17.8cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 3, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £33,000

Buyer: S.H. Cha



Figure 6

An anhua decorated white-glazed stem bowl

Yongle mark and period (1403-1424)

Diameter 15.3 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 6, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £33,000

Buyer: Lei Loy



Figure 7

A coral red glazed box and cover

Qianlong mark and period (1736-1795)

Diameter 12.4 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 47, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £40,000

Buyer: R. Chang



Figure 8

An owl-headed ritual vessel, Hu
Warring States, 4th century B.C.

Height: 46 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 19, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £440,000

Buyer: Sakamoto Goro



Figure 9
Inscription of the owl-headed vessel, Hu
Chinese through the eye of Sakamoto Goro, a Bronze Owl Hu, Sotheby's New
York, (18.03.2014), lot18
p.40



Figure 10

A bronze covered wine vessel, Fangyi
12th/11th century B.C.

Height: 23.7 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 8, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £715,000

Buyer: unknown



Figure 11

A pair of bronze ritual food vessels, Fangding

13th-11th century B.C.

Height: 20.7 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 11, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £159,500

Buyer: unknown

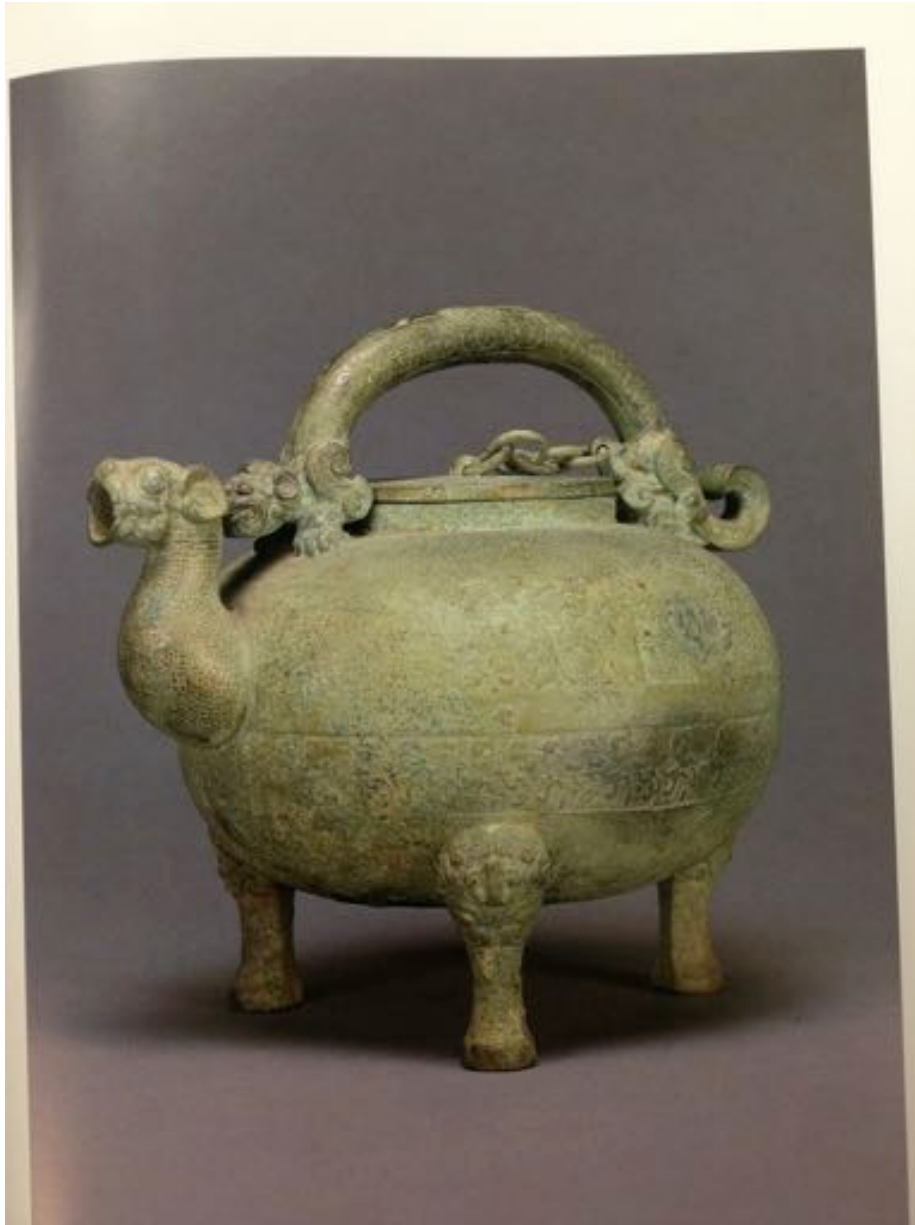


Figure 12

A tripod bronze wine vessel, He
Eastern Zhou dynasty, 5th century B.C.

Width: 19.1 cm

The British Rail Pension Fund's collection of Chinese works of art
Lot 14, Sotheby's sale of important early Chinese ceramics, archaic bronze,
sculpture, silver and lacquer from the works of art collection of the British Rail
Pension Fund, London, (12.12.1989)

Sale price: £38,500

Buyer: Benny Chow



Figure 13
Bronze rubbing with painted flower
Lin Fuchang 林福昌 (d. after 1877)
Weng collection
Chinese through the eye of Sakamoto Goro, a Bronze Owl Hu, Sotheby's New
York, (18.03.2014), p.45



Figure 14

A set of six gilt-copper ornaments

Tang dynasty (618-907)

5-13 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 33, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: unsold



Figure 15a (front view)

A marble Buddhist votive stele

Northern Qi dynasty (550-577)

Height: 133 cm

Guimet Museum, Paris, France

Museum Number (Acq. 1998, MA 6346)

Formerly in the The British Rail Pension Fund's collection of Chinese works of art

Lot 31, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail

Pension Fund, London, (12.12.1989)

Sale price: £935,000

Buyer: Hirano

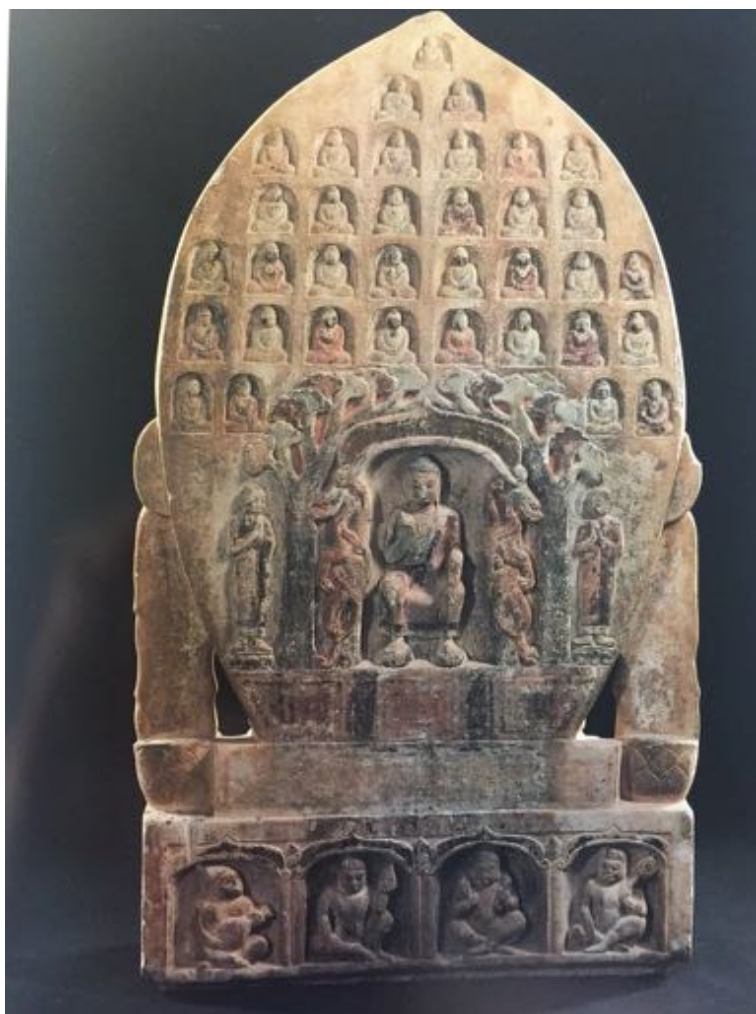


Figure 15b (rear view)

A marble Buddhist votive stele

Northern Qi dynasty (550-577)

Height: 133 cm

Guimet Museum, Paris, France

Museum Number (Acq. 1998, MA 6346)

Formerly in the The British Rail Pension Fund's collection of Chinese works of art

Lot 31, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £935,000

Buyer: Hirano



Figure 16

A glazed pottery figure of a polo player

Tang dynasty (618-907)

Length: 35 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 59, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £88,000

Buyer: unknown



Figure 17

An engraved parcel-gilt silver bowl

Tang dynasty (618-907)

Diameter: 24.2 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 36, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £203,500

Buyer: Eskenazi

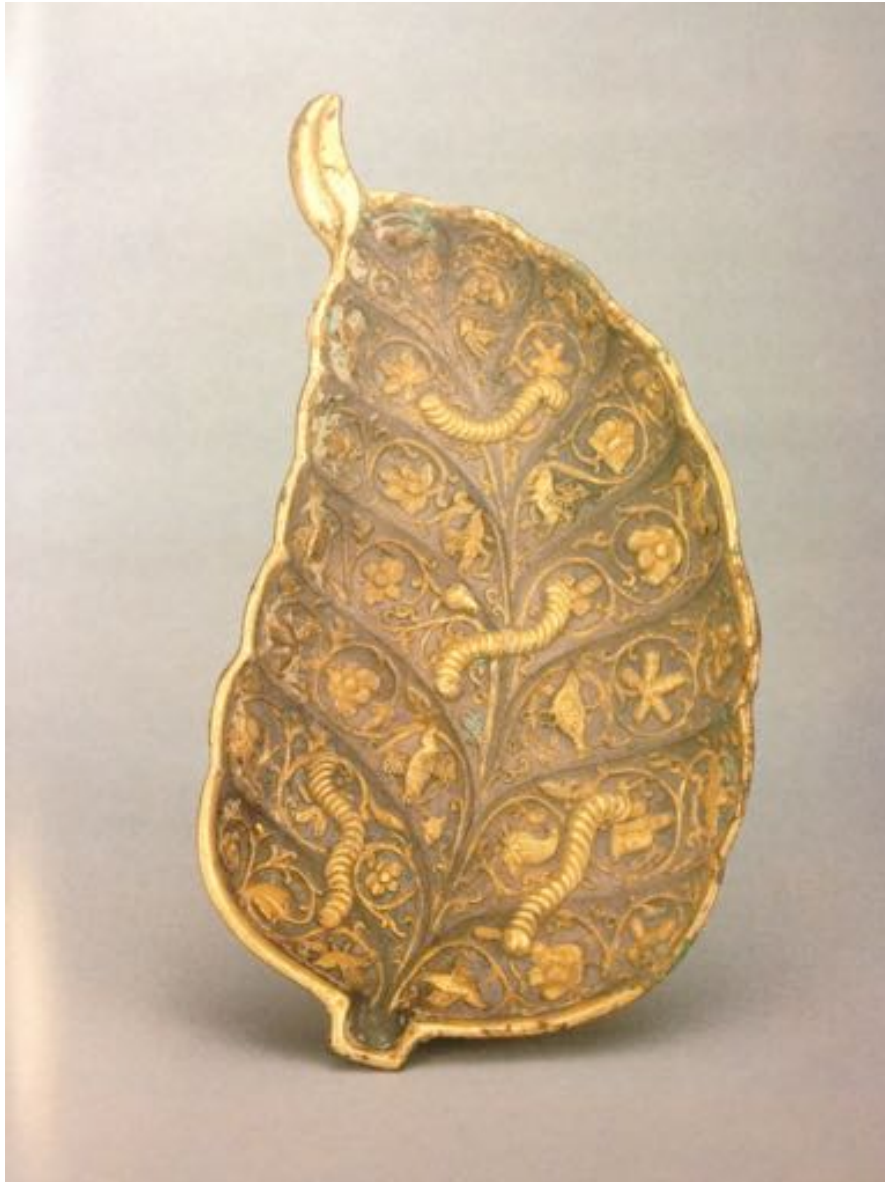


Figure 18

A parcel-gilt silver leaf-shaped dish

Tang dynasty (618-907)

Length: 14.5 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 37, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £379,500

Buyer: Eskenazi

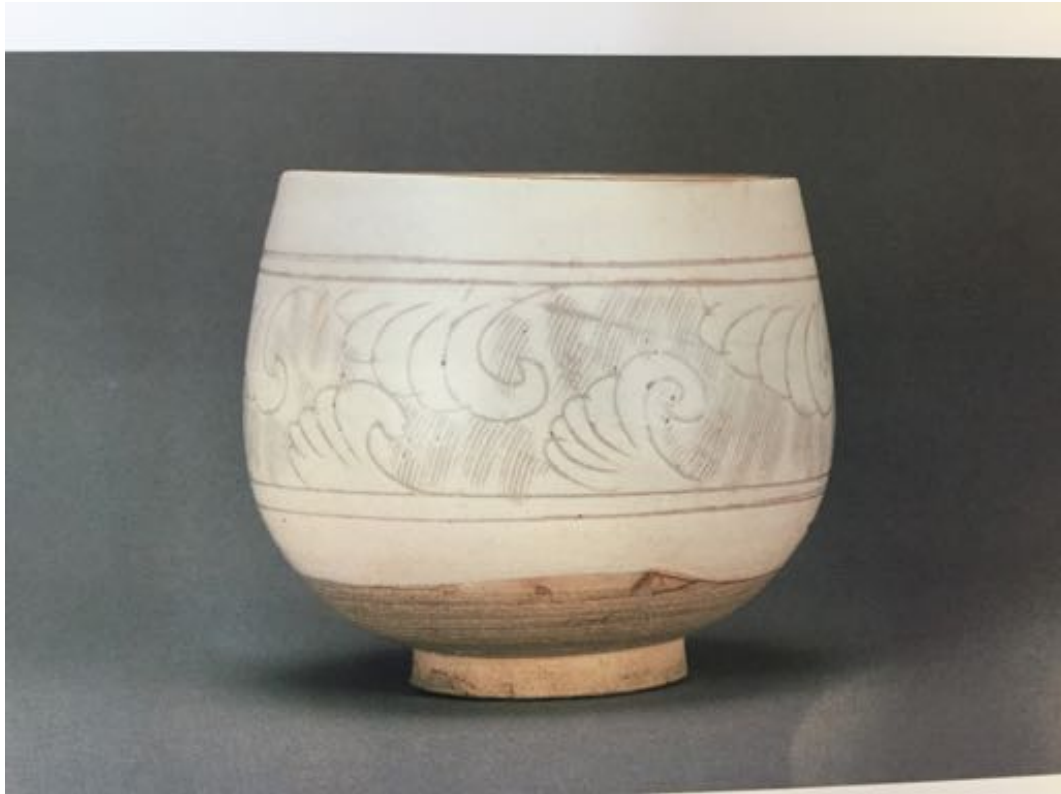


Figure 19

A Cizhou saggraffiato bowl

11th/early 12th century

Diameter 13.4 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 80, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: unsold

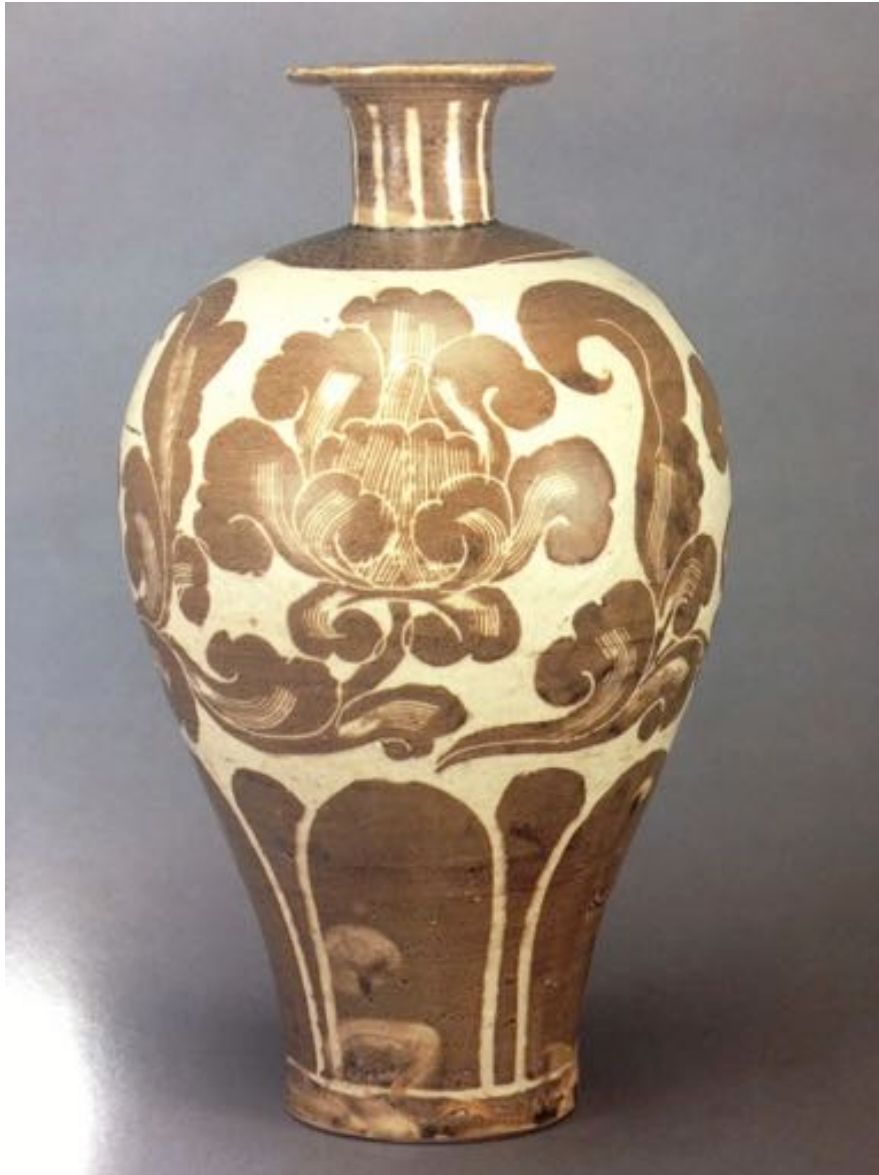


Figure 20

A carved slip decorated Dingyao Meiping

Northern Song dynasty (960-1127)

Height 31.2 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 75, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £1,320,000

Buyer: Shimojo



Figure 21

A sgraffiato Cizhou vase

Northern Song dynasty (960-1127)

Height 41.1 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 81, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £825,000

Buyer: Shimojo

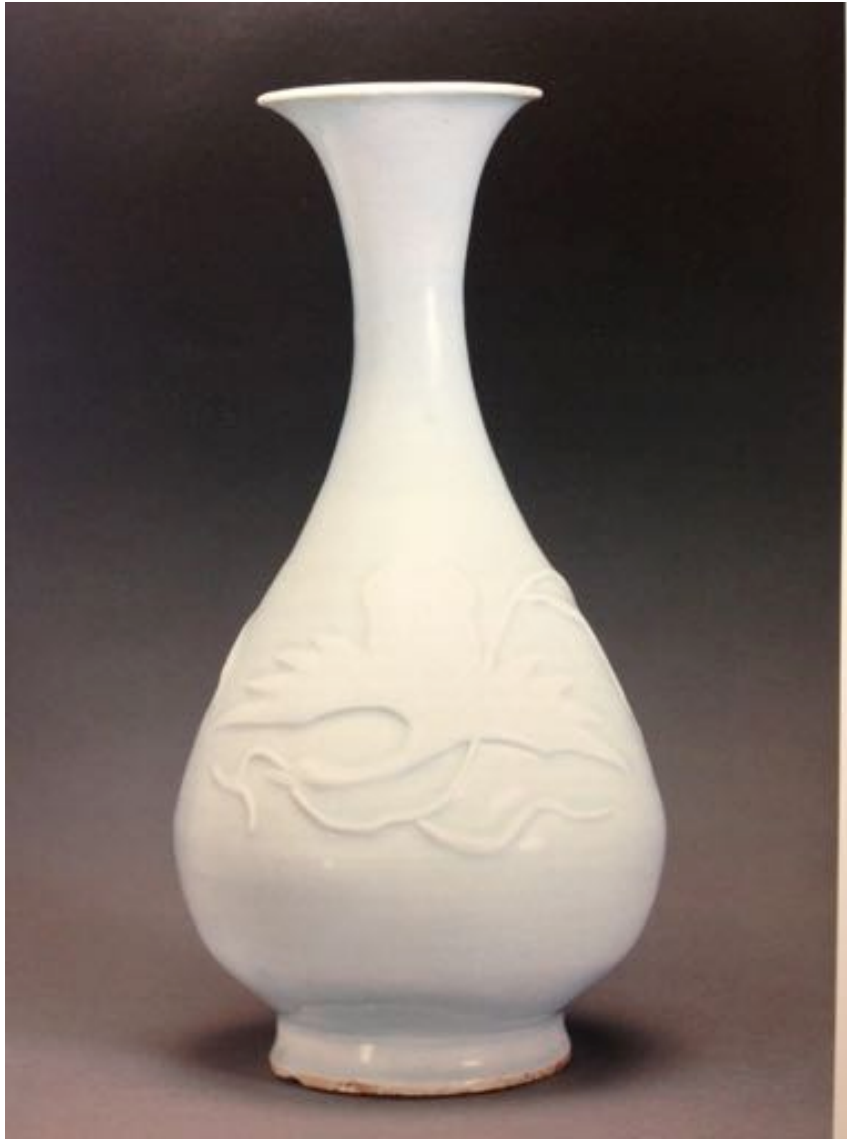


Figure 22

A relief-decorated Yingqing vase

Yuan dynasty (1271-1368)

Height: 28.6 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 88, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £71,500

Buyer: C.C. Lai



Figure 23

A Longquan celadon 'kinuta' vase

Yuan dynasty (1271-1368)

Height: 28.3 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 93, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £165,000

Buyer: unknown



Figure 24a

A blue and white jar

Yuan dynasty (1271-1368)

Height: 27.3, Width: 33 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 12, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £223,000

Buyer: C.C. Lai



Figure 24b

A blue and white jar

Yuan dynasty (1271-1368)

Height: 27.3, Width: 33 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 12, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)



Figure 25

A dragon jar

Jiajing mark and period (1522-1566)

Height: 14 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 28, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £120,000

Buyer: S.A. Chan



Figure 26

A yellow-ground dish

Zhengde mark and period (1506-1521)

Diameter: 29.5 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 24, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £136,000

Buyer: unknown



Figure 27

A Vietnamese blue and white dish

15th century

Diameter: 46 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 14, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £160,000

Buyer: unknown



Figure 28

A Vietnamese blue and white kendi

15th century

Height: 28 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 13, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: unsold



Figure 29

A blue and white bowl

Yongle period (1403-1424)

Diameter: 37.7 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 15, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £970,000

Buyer: unknown



Figure 30

A underglaze red basin

Hongwu period (1368-1398)

Diameter: 42 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 8, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £1,500,000

Buyer: unknown



Figure 31

An anhua decorated turquoise glazed dish

Xuande mark and period (1426-35)

Diameter: 15 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 7, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £271,000

Buyer: Theresa Lam



Figure 32

A pink grounded bowl

Kangxi mark and period (1662-1722)

Diameter: 13 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 85, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: unknown

Buyer: unknown



Figure 33a

A blue and white alter vase with a dedicatory inscription of Tang Ying

Dated 1740

Height: 64.1 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 39, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £240,000

Buyer: Lai Loy

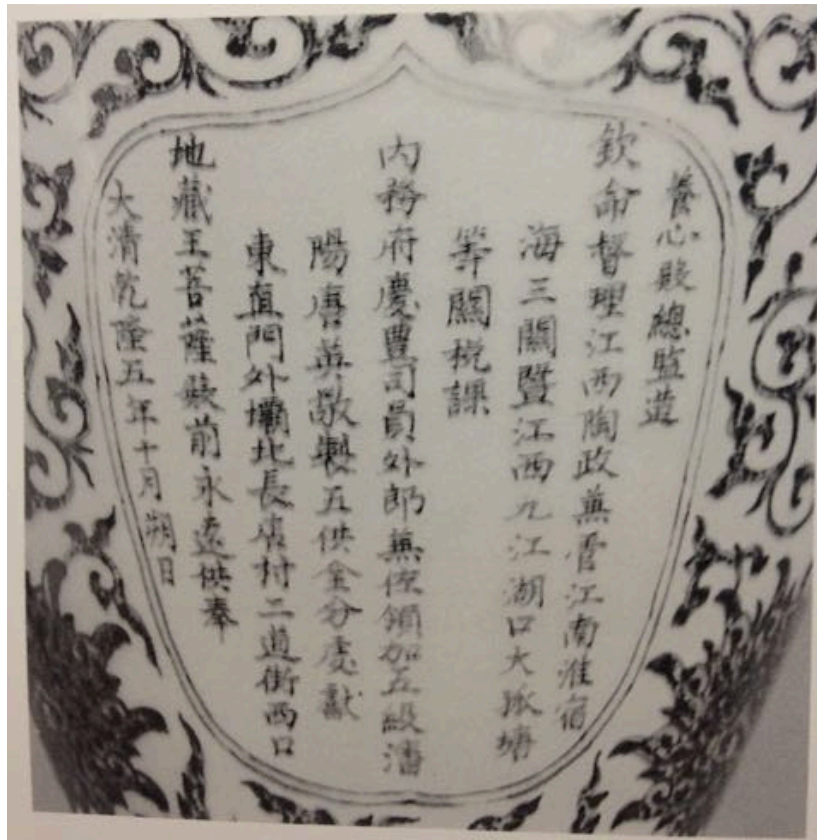


Figure 33b
 dedicatory inscription of Tang Ying
 Lot 39, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
 from the works of art collection of the British Rail Pension Fund, Hong Kong,
 (16.05.1989)



Figure 34

A marble head of Lokapala

Tang dynasty (618-907)

Height: 27.4 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 32, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £57,200

Buyer: R. Chang



Figure 35

A gilt-bronze lion

Tang dynasty (618-907)

Length: 15.6 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 38, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £209,000

Buyer: unknown



Figure 36

A green glazed lamp

Late 6th century A.D.

Height: 21 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 50, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: unsold



Figure 37

A sancai glazed rhyton

Tang dynasty (618-907)

Length: 13.4 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 62, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: £16,500

Buyer: Spink



Figure 38

A censer and cover

Liao dynasty (907-1125)

Diameter: 13.3 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 67, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: unsold



Figure 39

An enamel censer and cover

Yongzheng mark and period (1723-1735)

Height: 63.5 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 92, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £22,000

Buyer: Y.K. Chu



Figure 40

A pair of enamel candlesticks

Yongzheng mark and period (1723-1735)

Height: 49.6 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 93, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £27,000

Buyer: unknown



Figure 41

A 'hundred deer' vase

Qianlong mark and period (1736-1795)

Height: 43.9 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 89, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £303,000

Buyer: Lai Loy



Figure 42

A blue and white dish

Xuande mark and period (1426-1435)

Diameter: 20 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 16, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £351,000

Buyer: An Bah Hing



Figure 43

An arabic-inscribed dish

Hongzhi mark and period (1488-1505)

Diameter: 31.2 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 19, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £48,000

Buyer: unknown



Figure 44

A bronze bell

5th century B.C.

Height: 29.3 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 12, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: unsold



Figure 45

A tripod jar

Middle-2nd Millenium B.C.

Width: 16.5 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 46, Sotheby's sale of important early Chinese ceramics, archaic bronze, sculpture, silver and lacquer from the works of art collection of the British Rail Pension Fund, London, (12.12.1989)

Sale price: unsold



Figure 46

A dragon bowl

Hongzhi mark and period (1488-1505)

Diameter: 18.4 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 26, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £23,000

Buyer: J.J. Lally



Figure 47

A porcelain pillow

dated 1464

Width: 30 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 33, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £28,000

Buyer: R. Chang



Figure 48

A pair of coral ground bowls

Yongzheng mark and period (1723-1735)

Diameter: 12 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 72, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: unknown

Buyer: unknown



Figure 49

A copper red and underglaze blue flask

Qianlong mark and period (1736-1795)

Height: 39.4 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 37, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £96,000

Buyer: S.H. Cha



Figure 50

A blue and white bottle vase

Qianlong mark and period (1736-1795)

Height: 33.2 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 41, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £80,000

Buyer: S.H. Cha



Figure 51

A pair of jardinières

Kangxi dynasty (1662-1722)

Diameter: 31 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 71, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: unsold



Figure 52

A pair of blue ground dragon bowls

Kangxi mark and period (1662-1722)

Diameter: 14 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 79, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £26,000

Buyer: S.G. Cha



Figure 53

A vase

Yongzheng dynasty (1723-1735)

Height: 44.5 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 90, Sotheby's sale of important Chinese porcelain, enamels and jade carvings from the works of art collection of the British Rail Pension Fund, Hong Kong, (16.05.1989)

Sale price: approximately £12,000

Buyer: unknown



Figure 54

A famille rose fluted bowl

Yongzheng mark and period (1723-1735)

Diameter: 22.3 cm

The British Rail Pension Fund's collection of Chinese works of art

Lot 91, Sotheby's sale of important Chinese porcelain, enamels and jade carvings
from the works of art collection of the British Rail Pension Fund, Hong Kong,
(16.05.1989)

Sale price: approximately £48,000

Buyer: unknown



Fig. 55a
An underglaze red vase displayed in the British Museum, lent from the Xiling group, an investment fund.
Photographed by Hao Liu

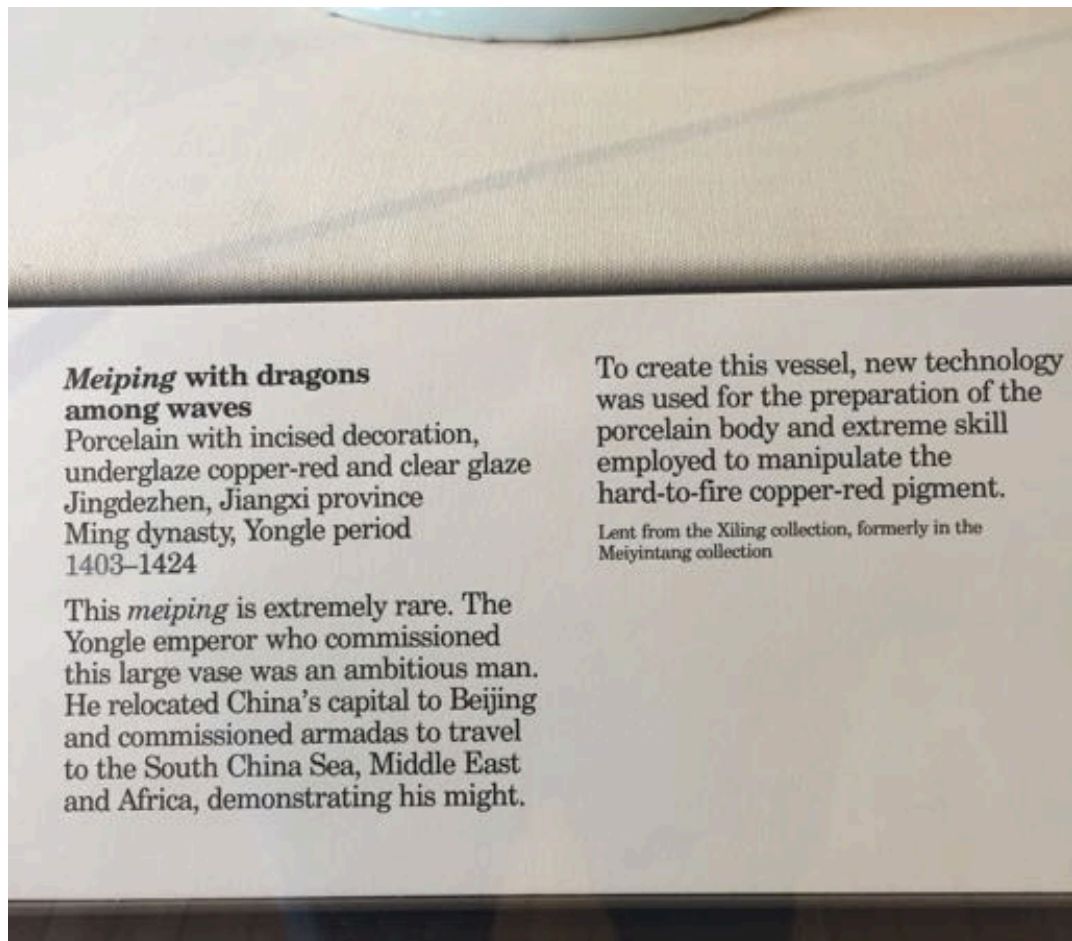


Fig. 55b
Label for the display.
Photographed by Hao Liu